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SWP Research Paper

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*Peter Rudolf*

# The Sino-American World Conflict



Stiftung Wissenschaft und Politik  
German Institute for  
International and Security Affairs

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- The Sino-American conflict syndrome contains several elements. It is based on a regional status competition, which is increasingly becoming global.
- This competition for influence has become combined with an ideological antagonism that has recently become more focused on the US side.
- Since the United States and China perceive each other as potential military adversaries and plan their operations accordingly, the security dilemma also shapes their relationship.
- The strategic rivalry is particularly pronounced on China's maritime periphery, dominated by military threat perceptions and the US expectation that China intends to establish an exclusive sphere of influence in East Asia.
- Global competition for influence is closely interwoven with the technological dimension of American-Chinese rivalry. It is about dominance in the digital age.
- The risk for international politics is that the intensifying strategic rivalry between the two states condenses into a structural world conflict. This could trigger de-globalization and the emergence of two orders, one under the predominant influence of the United States and the other under China's influence.

**SWP Research Paper**

*Peter Rudolf*

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**Stiftung Wissenschaft und Politik  
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### **The Sino-American World Conflict**

In the United States, China's rise is widely seen as a threat to America's preeminent international position. The perception of China's further unstoppable economic and military rise and a relative decline in US power may be based on questionable assumptions and projections. However, China is the only great power that can potentially threaten the status of the United States. Power shifts can jeopardize the stability of the international system if the dominant and the rising power fail to agree on the leadership and governance of the international order. This at least is what the power transition theory suggests, which is widely debated in the United States and China and known as the "Thucydides trap". This theory is problematic and its explanatory value controversial. As a frame, however, it influences both American and Chinese perceptions. On the one hand, it sensitizes policy-makers to the risks of the Sino-American competition; on the other hand, in this interpretation, conflicts of a more regional or issue-specific nature condense into a global hegemonic conflict.

The narrative of a great power competition propagated by the Trump administration must be seen against the background of this debate and the expectation that a rising power will inevitably challenge the existing international order. Washington considers China to be a revisionist power that strives for regional hegemony in the Indo-Pacific and, in the longer term, for global supremacy. Beijing denies such aspirations, but feeds this US perception with a more assertive foreign policy. The Trump administration has taken an offensive approach to the power competition and ideological conflict with China, breaking with the previous US China policy of political and economic engagement backed up with military hedging and deterrence. Its new confrontational approach has broad support; there are currently few political incentives to take a more relaxed attitude to the economic and security threats posed by China. The global competition with China seems to become the new organizing principle for US foreign policy.

The danger for international politics is that the intensifying strategic rivalry between the two states threatens to harden into a structural world conflict. In this sense, the talk of a kind of new Cold War often



heard in the American debate is not entirely groundless, despite all the problems and limitations of analogies. Analogies, however, do not replace analysis. The aim of this research paper is to understand this evolving global conflict, the structure of the underlying conflict syndrome, the dimensions and dynamics of the current strategic rivalry and the resulting consequences for international politics. The Sino-American world conflict could trigger de-globalization and the emergence of two orders, one largely under the influence of the United States and the other under the influence of China. If such a bipolarization of the international system were to occur, Germany would find itself in a difficult situation.

The Sino-American conflict syndrome contains several elements. It is based on a regional status competition, which is increasingly becoming global. In the United States, the actual and expected increase in Chinese power has caused status anxieties. China is perceived as a long-term threat to the leading international position of the United States and the security and economic privileges resulting from this position. This competition for influence is mixed with an ideological antagonism, which has recently become more prominent on the US side. It is tempting to highlight the ideological difference in order to mobilize sustained domestic support for a costly long-term competition. This mixture of status competition and ideological difference alone gives the conflict syndrome its special character. Since the United States and China perceive each other as potential military adversaries, their relationship is shaped by the dynamics of the security dilemma. Security dilemma sensibility is rather low on both sides. Both antagonists see themselves as defensive powers and attribute offensive intentions to the other side.

Since China and the United States are potential military opponents and not just status competitors and system antagonists, their relationship can be understood as a complex strategic rivalry. This rivalry is particularly pronounced on China's maritime periphery, dominated by military threat perceptions and the US expectation that China intends to establish an exclusive sphere of influence in East Asia. In the South China Sea, the American claim to free access collides with China's efforts to establish a security zone and to counteract the ability of the United States to intervene militarily.

Less significant, but nevertheless present, are military threat perceptions in the global competition for influence, which now even includes the Arctic. For

the Trump administration, China's growing global economic and political presence comes at the expense of the United States. Accordingly, the United States uses incentives and pressure to discourage other states from expanding economic relations with China. As the campaign against Huawei shows, the global competition for influence is closely interwoven with the technological dimension of the Sino-American strategic rivalry. It is about technological supremacy in the digital age. This conflict dimension is so pronounced because technological leadership creates global economic competitive advantages and secures the basis for military technological superiority.

Tighter US export controls are a major part of Washington's policy of technological denial. The United States will probably try to involve its allies in this policy. Washington has two options that are not mutually exclusive but complementary. It could try to create a new regime of multilateral export controls, similar to CoCom (Coordinating Committee for Multilateral Export Controls), which played an important role during the Cold War, or it could deploy the extra-territorial levers of its export control and sanctions laws. In the case of Iran, the Trump administration has already demonstrated quite clearly to its allies how effective they are.

# The United States and the Rise of China

The rise of China represents a unique challenge for the United States, which sees itself as a Pacific power and global hegemon (although this term is rarely used in the United States). On the one hand, China is perceived as an assertive authoritarian power and the major potential military opponent; on the other hand, the United States and China are closely linked economically. The expectation that China will threaten traditional US predominance not only in the Western Pacific and East Asia, but also globally has shaped public perceptions and the elite discourse.<sup>1</sup>

It is by no means clear, however, whether China will catch up or even overtake the United States economically and militarily at all and, if so, when. Chinese economic statistics are not reliable and projections of current trends problematic.<sup>2</sup> Yet the American debate on how to deal with China almost obsessively focuses on its growing economic and military power resources. Indeed, China's economic growth to date has been enormous, if measured by gross domestic product (GDP) or other indicators that are essentially sub-categories of this criterion, such as trade and financial flows. However, GDP, the amount of military spending or the Composite Index of National Capability (CINC), which includes a variety of data sets, do not really provide reliable information about a country's power resources. Based on these data, China would have been a superpower in the middle of the 19th century; in China, this period is remembered as the beginning of the "century of humiliation". As critics argue, these indicators overestimate the power potential of populous states. If the actual production costs (inputs plus negative

externalities) and the expenditures on social welfare and (internal) security are subtracted from these "gross resources", the "net estimate" looks quite different. It then becomes clear that, in terms of power resources, the United States is economically and militarily far more advanced than the debate about China's rise and America's relative decline would suggest. If one follows this view, then the United States will remain the dominant power for a long time to come.<sup>3</sup> However, China is the only power that can at least be described as "emerging potential superpower".<sup>4</sup>

## Power Transition Theory

China's rise in Asia and increasingly worldwide is the major geopolitical upheaval the United States has been confronted with for some time. Integrating a rising great power into the international system is not an easy task, as historical experiences indicate.<sup>5</sup> Such states tend to expand the scope of their activities in attempting to secure raw materials, markets and military bases and, in the course of this expansion, come

1 See Kim Parker, Rich Morin and Juliana Menasce Horowitz, *America in 2050* (Washington, D.C.: Pew Research Center, 21 March 2019).

2 See Derek Scissors, *US-China: Who Is Bigger and When* (Washington, D.C.: American Enterprise Institute, March 2019).

3 See Michael Beckley, "Stop Obsessing about China: Why Beijing Will Not Imperil U.S. Hegemony", *Foreign Affairs*, 21 September 2018; id., "The Power of Nations: Measuring What Matters", *International Security* 43, no. 2 (2018): 7–44; id., *Unrivaled. Why America Will Remain the World's Sole Superpower* (Ithaca and London: Cornell University Press, 2018).

4 In detail, see Stephen G. Brooks and William C. Wohlforth, "The Rise and Fall of the Great Powers in the Twenty-first Century: China's Rise and the Fate of America's Global Position", *International Security* 40, no. 3 (Winter 2015/16): 7–53.

5 On the debate, see e.g., Yuen Foong Khong, "Primacy or World Order? The United States and China's Rise — a Review Essay", *International Security*, 38, no. 3 (Winter 2013/2014): 153–75; John J. Mearsheimer, "Can China Rise Peacefully?" *The National Interest*, 25 October 2014.

into conflict with other powers, even if emerging powers do not pursue an aggressive, revisionist or risk-prone foreign policy.<sup>6</sup> China has extended its activities and enterprises in numerous countries, particularly in the wake of the Belt and Road Initiative (BRI). To secure those investments and sea lanes of communication, China is strengthening its power projection capabilities.<sup>7</sup> The expansion of the Chinese fleet represents a challenge to the United States as the preponderant naval power and to its “maritime hegemony”.<sup>8</sup>

### **Power shifts pose a considerable risk to the stability of the international system.**

Power shifts pose a considerable risk to the stability of the international system, unless the ascending power and the previously superior power can reach an understanding. At least, this seems to be the case if one follows two theories anchored in the “realist” view of international relations: the power transition theory and the power cycle theory. Both are modern variants of Thucydides interpretation of the Peloponnesian war as an inevitable result of the rising power of the Athenians instilling fear in the Spartans and forcing them to go to war.<sup>9</sup> He is thus regarded as the founder of the theory of “hegemonic wars”.<sup>10</sup> In today’s power transition theories, a roughly equal distribution of power is seen as triggering war, an un-

equal one, on the other hand, as promoting peace.<sup>11</sup> This is based on the consideration that differences in economic, social and political modernization between states lead to changes in the distribution of power and that the probability of war is greatest when a non-saturated challenger approaches the leading state in the international system — the controversial issue is whether the challenger takes up arms or the leading power begins a preventive war.<sup>12</sup> The power transition hypothesis can also be found in those historical-structural theories that attempt to explain the development of the modern state system through cyclical processes. Hegemonic wars, i.e. those between the hegemonic power and the challenger over the leadership and order of the international system, result from the imbalance between the political order of the international system and the actual distribution of power, which changes historically due to uneven growth processes.<sup>13</sup>

Variations of the power transition theory are often found in the US debate and shape the view of China’s rise.<sup>14</sup> Awareness of the risks associated with Beijing’s increase in power is also pronounced in the Chinese discourse. Like the American expert discourse, it is characterized by realist views (especially offensive realism) and ideas of power transition.<sup>15</sup> In the Chinese strategic discourse, it is widely expected that the United States, as the most powerful country, will use its resources to preserve its status and privileges and prevent China from rising further.<sup>16</sup>

6 In general, see Randall L. Schweller, “Managing the Rise of Great Powers. History and Theory”, in *Engaging China. The Management of an Emerging Power*, ed. Alastair Iain Johnston and Robert S. Ross (London and New York: Routledge, 1999), 1–31.

7 See Gal Luft, *Silk Road 2.0: US Strategy toward China’s Belt and Road Initiative* (Washington; D.C.: Atlantic Council, October 2017), 47f.

8 See Michael Paul, *Kriegsgefahr im Pazifik? Die maritime Bedeutung der sino-amerikanischen Rivalität* (Baden-Baden: Nomos, 2017); on “maritime hegemony” see, Robert S. Ross, “Nationalism, Geopolitics, and Naval Expansionism from the Nineteenth Century to the Rise of China”, *Naval War College Review* 71, no. 4 (2018): 10–44.

9 Thucydides, *Der Peloponnesische Krieg* (Stuttgart: Reclam, 1966), I, 23, 57.

10 Robert Gilpin, “The Theory of Hegemonic War”, in *The Origin and Prevention of Major Wars*, ed. Robert I. Rotberg and Theodore K. Rabb (Cambridge et al.: Cambridge University Press, 1989), 15–37.

11 See Jacek Kugler and A. F. K. Organski, “The Power Transition: a Retrospective and Prospective Evaluation”, in *Handbook of War Studies*, ed. Manus I. Midlarsky (Boston et al.: Unwin Hyman, 1989), 171–94.

12 See Randall L. Schweller, “Domestic Structure and Preventive War. Are Democracies More Pacific?” *World Politics* 44, no. 2 (1992): 235–69.

13 See Robert Gilpin, *War and Change in World Politics* (Cambridge et al.: Cambridge University Press, 1981).

14 See, e.g., Christopher Layne, “The US-Chinese Power Shift and the End of the Pax Americana”, *International Affairs* 94, no. 1 (2018): 89–111.

15 See See-Won Byun, “China’s Major-Powers Discourse in the Xi Jinping Era: Tragedy of Great Power Politics Revisited?” *Asian Perspective* 40 (2016): 493–522.

16 See Andrew J. Nathan and Andrew Scobell, “How China Sees America: The Sum of Beijing’s Fears”, *Foreign Affairs* 91, no. 5 (2012): 32–47; Suisheng Zhao, “A New Model of Big Power Relations? China-US Strategic Rivalry and Balance of Power in the Asia-Pacific”, *Journal of Contemporary China* 24, no. 93 (2015): 377–97.

The discussion in both the United States and China about the so-called “Thucydides trap”<sup>17</sup> testifies to the awareness of the risks associated with China’s rise. During Barack Obama’s presidency, the basic line expressed in numerous public statements was one of being aware of the risks that arise when a rising power gets into conflict with a leading one. Top Chinese government officials and President Xi Jinping himself have repeatedly declared their intention to avoid the “Thucydides trap”.<sup>18</sup> Sensibility to the risks resulting from China’s rise has been reflected in talk of seeking a “new type of great power relationship” between the United States and China. This concept propagated by Xi Jinping in 2012 and the subject of a lively debate in China remains limited to a few abstract principles, namely renunciation of confrontation, mutual respect with regard to unspecified core interests and a win-win orientation.<sup>19</sup>

Power transition theories are problematic and their explanatory value is controversial. However, they are not only theoretical notions, but also “political constructs”.<sup>20</sup> In this sense, they act as a frame, thereby influencing perceptions. Frames contextualize facts and structure the flow of events. They serve to define problems and to diagnose their causes. They provide criteria for assessing developments, offer solutions

and set boundaries to a discourse. In this way, they contribute to the construction of political reality.<sup>21</sup>

Within the power transition frame, conflicts in specific areas that have a more regional or local character gain such salience that they add up to a global hegemonic rivalry. To the extent that Chinese policies nourish and strengthen this perception in the United States, this might lead to a kind of self-fulfilling prophecy. At the very least, this prevailing frame can have a conflict-hardening effect resulting from the built-in expectation that a rising power will inevitably question the existing international order.<sup>22</sup> From this perspective, it does not require a more nuanced discussion as to what extent and in what sense China actually acts as a revisionist power. Revisionism can be revolutionary, i.e. it can be aimed at revolutionizing international norms, institutions and the status hierarchy, but it can also be reform-oriented and aimed at changing some institutions and norms, and increasing the status of one’s own country.<sup>23</sup> Revisionism is a discursively created label serving domestic and foreign policy purposes, but it hardly describes the entire state behaviour. States may aim to maintain the status quo in some areas, and be revisionist in others.<sup>24</sup> China does not fundamentally question the existing international order. This order consists of many principles, norms and functional regimes. China supports some and rejects others.<sup>25</sup> The term “revisionist stakeholder” most aptly sums up the Chinese position: China operates within the framework of existing international organizations, espe-

17 With this term the political scientist Graham Allison has popularized the core idea of power transition theories in a wealth of Cassandra-like publications since 2012. See Graham Allison, “The Thucydides Trap: Are the U.S. and China Headed for War?” *The Atlantic*, 24 September 2015.

18 See Rosemary Foot, “Constraints on Conflict in the Asia-Pacific: Balancing ‘the War Ledger’”, *Political Science* 66, no. 2 (2014): 119–42 (129ff.).

19 See Jinghan Zeng, “Constructing a ‘New Type of Great Power Relations’: The State of Debate in China (1998–2014)”, *The British Journal of Politics and International Relations* 18, no. 2 (2016): 422–442; Gudrun Wacker, “The Irreversible Rise. A New Foreign Policy for a Stronger China”, in *Xi’s Policy Gambles: The Bumpy Road Ahead*, ed. Alessia Amighini and Axel Berkofsky (Milan: Italian Institute for International Political Studies, 2015), 65–77 (67f.).

20 Here and on the following, see Steve Chan, *The Power-Transition Discourse and China’s Rise* (Oxford: Oxford Research Encyclopedia of Politics, May 2017), quote on p. 17; id., “More Than One Trap: Problematic Interpretations and Overlooked Lessons from Thucydides”, *Journal of Chinese Political Science* 24, no. 1 (2019): 11–24.

21 On the role of framing, see Robert M. Entman, *Projections of Power. Framing News, Public Opinion, and U.S. Foreign Policy* (Chicago and London: The University of Chicago Press, 2004), 5f.

22 For a critical view, see Richard Ned Lebow and Benjamin Valentino, “Lost in Transition: a Critical Analysis of Power Transition Theory”, *International Relations* 23, no. 3 (2009): 389–410.

23 On this differentiation, see Barry Buzan, “China in International Society: Is ‘Peaceful Rise’ Possible?” *The Chinese Journal of International Politics* 3, no. 1 (2010): 5–36 (17f.).

24 See Steve Chan, Weixing Hu and Kai He, “Discerning States’ Revisionist and Status-quo Orientations: Comparing China and the US”, *European Journal of International Relations* 25, no. 2 (2019): 613–40.

25 See Alastair Iain Johnston, “The Failures of the ‘Failure of Engagement’ with China”, *The Washington Quarterly* 42, no. 2 (2019): 99–114 (100–103). In addition, see Zhongying Pang, “China and the Struggle over the Future of International Order”, in *The Rise and Decline of the Post-Cold War Order*, ed. Hanns W. Maull (Oxford and New York: Oxford University Press, 2018), 235–51.

cially within the UN system, and insists on a traditional understanding of state sovereignty. However, it rejects US and Western dominance in international institutions and is dissatisfied with its own status. From the Chinese perspective, this status no longer corresponds to the country's increased power and the decline of the United States.<sup>26</sup> Incidentally, in China, the United States is regarded as a revisionist power that has sought to transform the international environment since the end of the East-West conflict.<sup>27</sup>

## Great Power Competition as Narrative

If one takes official documents and statements as a yardstick, the prevailing perception in the United States is that China is thoroughly "revisionist". The hope that China's integration into international institutions and into the international economy would make it a reliable partner has proved to be false. Rather, China and Russia, too, are aiming to shape "a world antithetical to U.S. values and interests." Furthermore, the 2017 National Security Strategy states that both powers "are contesting our geopolitical advantages and trying to change the international order in their favor."<sup>28</sup> According to the Pentagon, China "seeks Indo-Pacific regional hegemony in the near-term and, ultimately global preeminence in the long-term".<sup>29</sup> As Secretary of State Pompeo put it, "China wants to be the dominant economic and military power of the world, spreading its authoritarian vision for society and its corrupt practices world-

wide".<sup>30</sup> As these statements indicate, the Trump administration bases its approach in dealing with China on "worst case" assumptions about the long-term intentions of the leadership in Beijing.<sup>31</sup>

According to the Trump administration, the strategic competition and the ideological conflict with an expansive and authoritarian China will be carried out offensively. As Vice President Pence said, Washington wants "to reset America's economic and strategic relationship with China, to finally put America first".<sup>32</sup> The Trump administration obviously sees the relationship with China through the lens of a "zero-sum logic".<sup>33</sup> The idea that both sides could benefit from the intensification of relations seems far-fetched to leading actors in this administration. Accordingly, it has broken with the previous US approach in dealing with China.

Before Trump, the goal of US strategy was to more closely integrate China into the international system, ideally as a constructive actor in a great power concert under US leadership. This strategy, however, by no means presupposed that China's further rise would necessarily take place peacefully. Former US administrations also reckoned with the possibility that geopolitical rivalry might become paramount. Therefore, preserving US military superiority and expanding security relations with states in the Asia-Pacific region were key elements of the traditional approach, which merged cooperative engagement with hedging. Since the mid-2000s, military hedging has played an increasingly important role; this was a reaction to China's rapid economic rise, military modernization and the country's incipient global expansion. A clear expression of American determination to

26 Suisheng Zhao, "A Revisionist Stakeholder: China and the Post-World War II World Order", *Journal of Contemporary China* 27, no. 113 (2018): 643–58. For a differentiated view of the Chinese position, also see Michael J. Mazarr, Timothy R. Heath and Astrid Stuth Cevallos, *China and the International Order* (Santa Monica: Rand Corporation, 2018).

27 See Nathan and Scobell, "How China Sees America" (see note 16); Jennifer Lind, "Asia's Other Revisionist Power. Why U.S. Grand Strategy Unnerves China", *Foreign Affairs* 96, no. 2 (2017): 74–82.

28 The White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), 3, quotes on p. 25 and p. 27.

29 Department of Defense, *Indo-Pacific Strategy Report. Preparedness, Partnerships, and Promoting a Networked Region* (Washington, D.C., 1 June 2019), 8.

30 As quoted in Edward Wong and Catie Edmonson, "Trump Administration Plans to Sell More than \$2 Billion of Arms to Taiwan", *The New York Times*, 6 June 2019.

31 On the scholarly debate as to whether states can safely assess the intentions of other powers, see Sebastian Rosato, "The Inscrutable Intentions of Great Powers", *International Security*, 39, no. 3 (Winter 2014/15): 48–88.

32 "Remarks by Vice President Pence on the Administration's Policy toward China", Washington, D.C.: Hudson Institute, 4 October 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/> ("to re-set America's economic and strategic relationship, to finally put America first").

33 On the different logics, see Thomas J. Christensen, "Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward Asia", *International Security* 31, no. 1 (2006): 81–126.



remain an Asia-Pacific power and not to accept China's regional hegemony was the so-called 're-balancing' under Obama, which consisted of strengthening the alliance system in the Asia-Pacific region, intensifying relations with regional states such as India and Vietnam, more involvement in regional organizations and deeper economic integration through the Trans-Pacific Partnership (TPP).<sup>34</sup>

Talk of a new era of great power competition and the alleged failure of the previous policy had already begun under President Obama. The topos of an "assertive China" began to shape the American discourse.<sup>35</sup> Under Obama, however, the White House tried to contain the discourse and instructed the Pentagon not to use the term "great power competition"; since this could give the impression that the United States and China were almost inevitably on a collision course.<sup>36</sup>

### **The Trump administration is resolutely propagating the narrative of great power competition.**

The Trump administration is resolutely propagating the narrative of great power competition, thereby shaping the China debate in the unique way that only "authoritative speakers" such as a president and members of his administration can do. Narratives present an interpretation of the past ("failure of the cooperative China policy"), they interpret the current situation ("China disputes US supremacy") and offer strategic instruction for future action ("offensively competing with all power resources").<sup>37</sup>

34 See, e.g., Reinhard Wolf, "The U.S. as a Pacific Power? Chinas Aufstieg und die Zukunft der amerikanischen Weltführungspolitik", in *Weltmacht vor neuen Herausforderungen. Die Außenpolitik der USA in der Ära Obama*, ed. Steffen Hagemann, Wolfgang Tönnesmann and Jürgen Wilzewski (Trier: Wissenschaftlicher Verlag Trier, 2014), 87–113.

35 See Harry Harding, "Has U.S. China Policy Failed?", *The Washington Quarterly* 38, no. 3 (2015): 95–122; Björn Jerdén, "The Assertive China Narrative: Why It Is Wrong and How So Many Still Bought into It", *The Chinese Journal of International Politics* 7, no. 1 (2014): 47–88; Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?" *International Security* 37, no. 4 (2013): 7–48.

36 See David B. Larter, "White House Tells the Pentagon to Quit Talking about 'Competition' with China", *Navy Times*, 26 September 2016.

37 "Dominant narratives of national security establish the common-sense givens of debate, set the boundaries of the legitimate, limit what political actors inside and outside

In the Chinese discourse, the US narrative of great power competition is criticized as reflecting a Cold War and zero-sum mentality.<sup>38</sup> The Chinese government denies striving for hegemony or establishing spheres of influence. China insists it will not follow the path taken by other rising great powers.<sup>39</sup> China wants to become an economic, technological and cultural world power, exerting greater influence on the rules of international politics.<sup>40</sup> That, at least, is the vision Xi Jinping is pursuing as part of his aim to rejuvenate the Chinese nation. He has thus linked the Communist Party's claim to legitimacy with China becoming a leading world power.<sup>41</sup>

the halls of power can publicly justify, and resist efforts to remake the landscape of legitimation." Ronald R. Krebs, *Narrative and the Making of US National Security* (Cambridge: Cambridge University Press, 2015), 3.

38 See Michael D. Swaine, *Chinese Views on the U.S. National Security and National Defense Strategies* (Washington, D.C.: Carnegie Endowment for International Peace, China Leadership Monitor, 1 May 2018).

39 "In the future, no matter how strong it becomes, China shall never threaten anyone, seek hegemony or establish spheres of influence. History has proven and will continue to prove that China will not follow the beaten path of big powers seeking hegemony when it grows strong. Hegemony does not conform to China's values and national interests." Speech at the 18th Shangri-La Dialogue by Gen. Wei Fenghe, State Councilor and Minister of National Defense, PRC, 2 June 2019.

40 Chu Shulong and Zhou Lanjun, "The Growing U.S.-China Competition under the Trump Administration", in National Committee on American Foreign Policy, *U.S.-China Relations: Manageable Differences or Major Crisis?* (New York, October 2018), 10–18.

41 Elizabeth C. Economy, *The Third Revolution. Xi Jinping and the New Chinese State* (Oxford and New York: Oxford University Press, 2018), 190.

# The Structure of the Conflict Syndrome

Current conflicts in US-China relations are often interpreted as a kind of new “Cold War” — or at least the Cold War is taken as reference to highlight the differences between the Sino-American and the US-Soviet conflict.<sup>42</sup> Indeed, American-Chinese relations contain some elements that, despite all their differences, suggest a certain analogy to the Cold War or, more precisely, to the East-West conflict syndrome combining ideological antagonism, security dilemma, arms competition and global power rivalry.<sup>43</sup> Like any analogy, however, this one is problematic and of limited use.

## Status Competition

The US-Chinese conflict is based on a regional and global competition for status in an international system characterized by an emerging bipolarity. The international constellation between the end of the Second World War and the dissolution of the Soviet Union is generally regarded as bipolar. Even though power resources were by no means equally distributed between the United States and the Soviet Union, the gap between these two states and the remaining powers was considerable. If one understands bipolarity in the sense of the distribution of power in the international system, then one can speak of a new

bipolarity, even though there is certainly no parity of power between America and China.<sup>44</sup>

In contrast to the Cold War, however, the relationship between the United States and China is not a confrontation between two isolated opposing blocs, but a competition for influence within a globalized international system in which the two powers are highly intertwined economically.<sup>45</sup> As far as trade in goods is concerned, in 2018 China was America’s number one trading partner — the third largest export market for American products and the main source of imports. For China, the United States tops the list of buyers of Chinese products.<sup>46</sup> There is also a high degree of “industrial interdependence”<sup>47</sup> between the two economies, which has developed since the early 1990s as a result of an almost revolutionary change in the organization of industrial production: components manufactured in China are used in many US products. Mutual dependencies have also arisen because China had long held the largest share of US treasury bonds until Japan overtook it in July 2019.<sup>48</sup>

<sup>42</sup> See e.g. Charles Edel and Hal Brands, “The Real Origins of the U.S.-China Cold War”, *Foreign Policy*, 2 June 2019; David L. Roll, “The Key to Avoiding a New Cold War with China”, *The Washington Post*, 10 July 2019.

<sup>43</sup> For interpretations of the East-West conflict, see Ernst-Otto Czempiel, *Weltpolitik im Umbruch. Das internationale System nach dem Ende des Ost-West-Konflikts* (Munich, 1991), 20–26; the notion of “conflict syndrome” is used by Werner Link, *Der Ost-West-Konflikt. Die Organisation der internationalen Beziehungen im 20. Jahrhundert* (Stuttgart, 1988).

<sup>44</sup> See Øystein Tunsjø, *The Return of Bipolarity in World Politics. China, the United States, and Geostructural Realism* (New York: Columbia University Press, 2018). In addition, see Richard Maher, “Bipolarity and the Future of U.S.-China Relations”, *Political Science Quarterly* 133, no. 3 (2018): 497–525.

<sup>45</sup> See “Policy Roundtable: Are the United States and China in a New Cold War?” *Texas National Security Review*, 15 May 2018.

<sup>46</sup> See Andres B. Schwarzenberg, *U.S.-China Trade and Economic Relations: Overview*, In Focus (Washington, D.C.: Congressional Research Service [CRS], 7 August 2019).

<sup>47</sup> Barry C. Lynn, “War, Trade and Utopia”, *The National Interest* 82 (Winter 2005/06): 31–38.

<sup>48</sup> Occasionally one hears the fear that China’s position as an important creditor would give Beijing leverage. But because of the economic interdependence between the United States and China, it would also have a negative impact on China if it were to sell Treasury bonds on a large scale. In addition, this would lower the dollar exchange

## China's increased power has fueled US fears it might lose its status as the predominant superpower.

China's actual and projected increase in power has aroused anxiety in the United States that it might lose its status as the predominant international superpower. States (or more precisely, the actors representing them) may aspire to high status as an end in itself, as social-psychological approaches postulate: a high status creates the satisfying feeling of superiority over other persons or states, and concerns about losing one's status appear to threaten one's own identity. But status is also associated with material gains. In the long run, China threatens not only the status of the United States as the lone superpower, but also the resulting privileges and economic advantages,<sup>49</sup> whose nature and extent are assessed quite differently in the academic discussion.<sup>50</sup> If China were to become the predominant political, economic and technological power in the world, it could, as the United States fears, widely set rules and standards and establish a

rate — and thus the value of the debt remaining in Chinese hands. In a July 2012 report, the US Department of Defense came to the conclusion that US government bonds do not provide China with any coercive means or deterrent option. See Andres B. Schwarzenberg, *U.S.-China Investment Ties: Overview and Issues for Congress*, In Focus (Washington, D.C.: Congressional Research Service, 28 August 2019). On this issue, also see Daniel W. Drezner, "Bad Debts: Assessing China's Financial Influence in Great Power Politics", *International Security* 34, no. 2 (2009): 7–45.

<sup>49</sup> See William C. Wohlforth, "Unipolarity, Status Competition, and Great Power War", *World Politics* 61, no. 1 (2009): 28–57; Tudor A. Onea, "Between Dominance and Decline: Status Anxiety and Great Power Rivalry", *Review of International Studies* 40, no. 1 (2014): 125–152; Johannes Sauerland and Reinhard Wolf, "Lateraler Druck, Statusansprüche und die Ursachen revisionistischer Großmachtpolitik", *Zeitschrift für Außen- und Sicherheitspolitik* 10, no. 1 (2017), Special Issue "Revisionismus in der internationalen Politik", 25–43; Timothy R. Heath, "The Competition for Status Could Increase the Risk of a Military Clash in Asia", *The Rand Blog*, 2 February 2018.

<sup>50</sup> See Michael Mastanduno, "System Maker und Privilege Taker. U.S. Power and the International Political Economy", *World Politics* 61, no. 1 (2009): 121–54; Daniel W. Drezner, "Military Primacy Doesn't Pay (Nearly as Much as You Think)", *International Security* 38, no. 1 (2013): 52–79; Doug Stokes and Kit Waterman, "Security Leverage, Structural Power and US Strategy in East Asia", *International Affairs* 93, no. 5 (2017): 1039–60.

kind of "illiberal sphere of influence". If this were to happen, American security and prosperity would no longer be guaranteed to the same extent as before.<sup>51</sup> The fear is that the United States would no longer be the undisputed number one, that the dollar would become less significant as the international reserve currency and that the country would no longer be attractive for the financial inflows that help secure American prosperity. Under these conditions, the United States would see its freedom of action curtailed.<sup>52</sup>

## Ideological Difference

One may speculate as to whether, from an American perspective, competition for power and status would be less fierce and whether the consequences for the hegemonic position of the United States would appear less threatening if China were a liberal democracy. Nevertheless, the competition for status is interwoven with an ideological antagonism. Unlike in the case of the East-West confrontation, this is not the core of the US-Chinese rivalry. As a reminder, Soviet ideology completely ruled out any permanent coexistence with the capitalist system led by the United States, and the ultimately inevitable victory of communism worldwide was seen as guaranteeing the security of the Soviet Union. This element is missing in the Sino-American conflict. China's view is "nationalist rather than internationalist".<sup>53</sup>

Of course, the human rights situation in China has always been a source of friction in Sino-American relations; but as long as China's rise was not perceived as a global challenge and as long as there was hope that China would liberalize, the country was not seen as an ideological antagonist in the United States. From the Chinese perspective, the ideological dimension has always been more pronounced since Western ideas of liberal democracy and freedom of expression

<sup>51</sup> See Ely Ratner, "There Is No Grand Bargain with China", *Foreign Affairs*, 27 November 2018.

<sup>52</sup> Ashley J. Tellis, *Balancing without Containment. An American Strategy for Managing China* (Washington, D.C.: Carnegie Endowment for International Peace, 2014), 14, 18f.

<sup>53</sup> Odd Arne Westad, "The Sources of Chinese Conduct. Are Washington and Beijing Fighting a New Cold War?" *Foreign Affairs*, 12 August 2019.



threaten the ideological dominance of the Communist Party.<sup>54</sup>

Following recent debates in the United States, one might get the impression that the ideological conflict between the American and Chinese systems is of a similar dimension to that between Western democracy and Soviet communism.<sup>55</sup> It is argued that China's economically successful "authoritarian capitalism" could find international resonance at a time when confidence in the systemic superiority of "democratic capitalism" is weakening. In this scenario, geopolitical power competition is mixed with an ideological system antagonism.<sup>56</sup> China is even portrayed as an "existential" threat to the United States and the world order.<sup>57</sup> Stephen Bannon, Trump's former advisor, has elevated the "rapidly militarizing totalitarian" China to "the greatest existential threat ever faced by the United States".<sup>58</sup> He is one of the founders of the new "Committee on the Present Danger", which, like its predecessors in the 1950s and 1970s that were directed against the Soviet Union, wants to sensitize the public to this new danger and mobilize for a policy of containment, the ultimate goal of which is to end communist rule in China. As long as the Communist Party is in power, there will be no hope of coexistence: this is one of the guiding principles of the Committee on the Present Danger.<sup>59</sup>

### **The Trump administration has stylized the conflict with China as an ideological one, even as a conflict between "civilizations".**

The Trump administration has stylized the conflict with China as an ideological one, even as a conflict

between "civilizations".<sup>60</sup> China wants nothing less than to "reorder the world".<sup>61</sup> Such a view plays down the fact that China lacks a "coherent ideology with international appeal"<sup>62</sup> and that Chinese policies are not aimed at establishing clientele regimes of its own ideological orientation, as the Soviet Union once did.<sup>63</sup> The Chinese leadership under Xi Jinping propagates a kind of "Chinese model" for developing and emerging countries, thereby questioning liberal democracy as a political ideal. China's model of governance may be attractive for authoritarian states or those that slide into authoritarianism.<sup>64</sup> However, China's economic success is based on specific preconditions, a large domestic market, an abundance of labour, the willingness of an authoritarian government to experiment and pragmatic improvisation. China supports many authoritarian regimes, exports surveillance technology and exerts pressure on critical voices abroad. But this does not add up to a

**60** As the then director of policy planning in the State Department, Kiron Skinner, said, the United States is in a "fight with a really different civilization and a different ideology, and the United States hasn't had that before [...] it's the first time that we'll have a great power competitor that is not Caucasian". Quotes in Abraham M. Denmark, "Problematic Thinking on China from the State Department's Head of Policy Planning", *War on the Rocks*, 7 May 2019.

**61** "Today, China is working to export its model of authoritarianism through its 'Community of Common Destiny' to reshape global governance, utilizing the power of the Chinese economy to coerce and corrupt governments around the world that are already suffering from underdeveloped or unstable democracies and taking advantage of countries suffering from financial instability to push them toward the desired end state. Ultimately, China seems to think that it really can reorder the world". Christopher A. Ford, Assistant Secretary of State for International Security and Nonproliferation, "Technology and Power in China's Geopolitical Ambitions", Testimony to the U.S.-China Economic and Security Review Commission, Washington, D.C., 20 June 2019.

**62** Jessica Chen Weiss, "No, China and the U.S. Aren't Locked in an Ideological Battle. Not Even Close", *The Washington Post*, 4 May 2019.

**63** See Kevin Rudd, "How to Avoid an Avoidable War. Ten Questions about the New U.S. China Strategy", *Foreign Affairs*, 22 October 2018.

**64** See Andreas Møller Mulvad, "Xiism as a Hegemonic Project in the Making: Sino-communist Ideology and the Political Economy of China's Rise", *Review of International Studies* 45, no. 3 (2019): 449–470; Economy, *The Third Revolution* (see note 41), 221.

**54** See Elsa Kania, "The 'Regime Security Dilemma' in US-China Relations", *The Strategist*, 21 March 2019.

**55** Robert D. Kaplan, "A New Cold War Has Begun", *Foreign Policy*, 7 January 2019.

**56** For this view see Tarun Chhabra, *The China Challenge, Democracy, and U.S. Grand Strategy*, Policy Brief (Washington, D.C.: The Brookings Institution, 15 February 2019).

**57** David Brooks, "How China Brings Us Together. An Existential Threat for the 21st Century", *The New York Times*, 14 February 2019.

**58** Stephen Bannon, "We're in an Economic War with China. It's Futile to Compromise", *The Washington Post*, 6 May 2019.

**59** See Josh Rogin, "China Hawks Call on America to Fight a New Cold War", *The Washington Post*, 10 April 2019.

struggle against democracy and a strategy to undermine democratic systems.<sup>65</sup> Nevertheless, it can be expected that the US side will increasingly push its narrative of a systemic conflict between “digital authoritarianism” and “liberal democracy”<sup>66</sup> – since it helps mobilize long-term domestic political support for a costly confrontational policy towards China.<sup>67</sup>

## Security Dilemma

Even though the ideological conflict is not the primary conflict layer, by increasingly accentuating the “ideological difference”,<sup>68</sup> threat perceptions are expected to intensify, thus reinforcing the security dilemma between the United States and China. Just as the East-West conflict could not be reduced to a security dilemma, the Sino-American conflict cannot be reduced to one either.<sup>69</sup>

A security dilemma means the following: In an “anarchic” international system, i.e. a system without a superior authority, no state can be certain of being attacked, dominated or even extinguished. Measures to strengthen one’s own security, whether through arms, territorial expansion or alliances, can, however, reduce the security of other states and thus lead to power and arms competitions.<sup>70</sup> Strictly speaking, one

should distinguish between two interrelated dilemmas.<sup>71</sup> Firstly, at the level of foreign policy, there is the fundamental “dilemma of interpretation” that arises when assessing the intentions and capabilities of other states. Are they defensive and concerned only with their own security, or do they have offensive intentions? Secondly, the “dilemma of reaction” presents itself as soon as politicians and planners have interpreted the behaviour of another state in a certain way and have to choose between the alternatives of strengthening their own defence for the purpose of deterrence or sending appeasing signals. If one side expands its own military capabilities under the false assumption of aggressive intentions by the other side, this may trigger a spiral of hardening hostility. This is where the “security paradox” comes into play at the level of interaction: measures to strengthen one’s own security can lead to more insecurity. If, however, the intentions and capabilities of the other side are wrongly assessed as non-aggressive, a state may expose itself to dangers.

In its “classical” form, the concept of the security dilemma refers to a situation in which offensive military doctrines and offensive military capabilities pose a threat to territorial integrity, either in the form of an invasion or in the form of a nuclear first strike. Vis-à-vis China, the United States has not accepted mutual nuclear vulnerability as the basis of its strategic relationship.<sup>72</sup> This could, it is feared, be understood as a lack of American resolve to defend its allies and interests in Asia. Moreover, Beijing would probably not be convinced by any US statements that it does not have plans to eliminate China’s nuclear capability in case of an escalating crisis.<sup>73</sup> Similarly, China does not trust American assurances that the development of missile defence systems is not directed against China’s strategic nuclear potential.<sup>74</sup>

65 See Jessica Chen Weiss, “A World Safe for Autocracy? China’s Rise and the Future of Global Politics”, *Foreign Affairs* 98, no. 4 (2019): 92–102; in addition, see Emily S. Chen, *Is China Challenging the Global State of Democracy?* (Honolulu: Pacific Forum, June 2019).

66 Nicholas Wright, “How Artificial Intelligence Will Reshape the Global Order. The Coming Competition between Digital Authoritarianism and Liberal Democracy”, *Foreign Affairs*, 10 July 2018.

67 On the ideological dimension of great power conflicts, see Hal Brands, “Democracy vs Authoritarianism: How Ideology Shapes Great-Power Conflict”, *Survival* 60, no. 5 (2018): 61–114.

68 On the general role of “ideological difference” in threat perceptions, see Mark L. Haas, *The Ideological Origins of Great Power Politics, 1789–1989* (Ithaca and London: Cornell University Press, 2005).

69 On the question as to whether there was a security dilemma during the Cold War, see Robert Jervis, “Was the Cold War a Security Dilemma?” *Journal of Cold War Studies* 3, no. 1 (2001): 36–60.

70 John H. Herz, “Idealist Internationalism and the Security Dilemma”, *World Politics* 2, no. 2 (1950): 157–80; Robert Jervis, “Cooperation under the Security Dilemma”, *World Politics* 30, no. 2 (1978): 167–214; Charles L. Glaser, “The

Security Dilemma Revisited”, *World Politics* 50, no. 1 (1997): 171–201; Shiping Tang, “The Security Dilemma: a Conceptual Analysis”, *Security Studies* 18, no. 3 (2009): 587–623.

71 On the following differentiations see Ken Booth and Nicholas J. Wheeler, *The Security Dilemma. Fear, Cooperation and Trust in World Politics* (Basingstoke: Palgrave Macmillan, 2008), 4–7.

72 See Adam Mount, *The Case against New Nuclear Weapons* (Washington, D.C.: Center for American Progress, May 2017), 41.

73 See Brad Roberts, *The Case for U.S. Nuclear Weapons in the 21st Century* (Stanford: Stanford University Press, 2016), 173.

74 See Susan Turner Haynes, “China’s Nuclear Threat Perceptions”, *Strategic Studies Quarterly* 10, no. 2 (2016): 25–62.

China has rejected the first use of nuclear weapons in its declaratory nuclear doctrine; it is relying on a minimum deterrence strategy and thus on the ability to retaliate.<sup>75</sup> Beijing fears that Washington's development of reconnaissance, surveillance and conventional prompt global strike capabilities and missile defence systems could jeopardize China's second strike capability. China maintains a relatively small nuclear arsenal and although there are no official figures, estimates suggest that China has around 290 nuclear warheads.<sup>76</sup> However, there are plans to expand this arsenal somewhat, which include acquiring a greater number of missiles with multiple warheads. The United States is faced with the question of whether to accept its nuclear vulnerability in relation to China, which may result from the deployment of mobile intercontinental and sea-based ballistic missiles, or whether it will pursue a damage limitation strategy that at least opens up the possibility of limiting its own losses, should deterrence fail. In accordance with the traditional logic of American deterrence policy, the United States would need options for pre-emptively eliminating the enemy's nuclear arsenal.<sup>77</sup>

According to fears voiced in the US debate, a secure Chinese second-strike capability could lead to a greater Chinese willingness to take risks in crises. In the debate on nuclear strategy, this is referred to as the "stability-instability paradox".<sup>78</sup> This means that stability at the strategic level could tempt one side to use limited force in the expectation that the other will shy away from a massive nuclear strike, as this would lead to mutual destruction. According to this scenario, a secure Chinese second-strike capability threatens to raise doubts among America's Asian

allies about the credibility of "extended deterrence". If the United States follows the traditional line of its operational deterrence strategy — namely pursuing pre-emptive damage-limiting "counterforce" options as a prerequisite for credible extended deterrence<sup>79</sup> — then the result will probably be an intensified arms competition.<sup>80</sup> The US nuclear posture, which is geared to limiting damage in the event of war, must be perceived as threatening by China — irrespective of the defensive motives on the American side.

In Sino-American relations the security dilemma also works in another form — namely via the Taiwan question. This unresolved sovereignty conflict carries the risk of war.<sup>81</sup> The Chinese leadership expressly reserves the right to use military force in order to prevent Taiwan's complete independence, as President Xi Jinping once again emphasized very clearly in early January 2019.<sup>82</sup> Once it had normalized relations with the People's Republic of China in 1978, the United States ended official diplomatic ties with Taiwan and terminated the defence treaty. However, the Taiwan Relations Act of 1979 states that it is US policy to regard any attempt to decide Taiwan's future other than by peaceful means as a threat to peace and secu-

79 Austin Long, "U.S. Strategic Nuclear Targeting Policy: Necessity and Damage Limitation", in The International Security Studies Forum, *Policy Roundtable 1–4 on U.S. Nuclear Policy*, 22 December 2016, [https://networks.h-net.org/node/28443/discussions/157862/issf-policy-roundtable-9-4-us-nuclear-policy#\\_Toc470037165](https://networks.h-net.org/node/28443/discussions/157862/issf-policy-roundtable-9-4-us-nuclear-policy#_Toc470037165) (accessed 30 April 2018).

80 See Charles L. Glaser and Steve Fetter, "Should the United States Reject MAD? Damage Limitation and U.S. Nuclear Strategy toward China", *International Security* 41, no. 1 (2016): 49–98; Fiona S. Cunningham and M. Taylor Fravel, "Assuring Assured Retaliation: China's Nuclear Posture and U.S.-China Strategic Stability", *International Security* 40, no. 2 (2015): 7–50.

81 See Scott L. Kastner, "Is the Taiwan Strait Still a Flash Point? Rethinking the Prospects for Armed Conflict between China and Taiwan", *International Security* 40, no. 3 (Winter 2015/16): 54–92.

82 See Chris Buckley and Chris Horton, "Xi Jinping Warns Taiwan that Unification Is the Goal and Force Is an Option", *The New York Times*, 1 January 2019. — "China has the firm resolve and the ability to safeguard national sovereignty and territorial integrity, and will never allow the secession of any part of its territory by anyone, any organization or any political party by any means at any time. We make no promise to renounce the use of force, and reserve the option of taking all necessary measures." *China's National Defense in the New Era* (Beijing: The State Council Information Office of the People's Republic of China, July 2019), 7f.

75 For more detail, see Eric Heginbotham et al., *China's Evolving Nuclear Deterrent. Major Drivers and Issues for the United States* (Santa Monica: Rand Corporation, 2017); David C. Logan, "Hard Constraints on a Chinese Nuclear Breakout", *The Nonproliferation Review* 24, no. 1–2 (2017): 13–30; M. Taylor Fravel, *Active Defense. China's Military Strategy since 1949* (Princeton and Oxford: Princeton University Press, 2019), 236–69.

76 See Hans M. Kristensen and Matt Korda, "Chinese Nuclear Forces, 2019", *Bulletin of the Atomic Scientists* 75, no. 4 (2019): 171–78.

77 For more detail, see Peter Rudolf, *US Nuclear Deterrence Policy and Its Problems*, SWP Research Paper 10/2018 (Berlin: Stiftung Wissenschaft und Politik, November 2018), 14.

78 See Bryan R. Early and Victor Asal, "Nuclear Weapons, Existential Threats, and the Stability-Instability Paradox", *The Nonproliferation Review* 25, no. 3 (2018): 223–47.

urity in the Western Pacific. Consequently, the US policy is one of “strategic ambiguity”; although it, promises to respond to any threat to Taiwan, it is not formally committed to doing so. For China, the goal of preventing Taiwan’s lasting independence from mainland China is a defensive one. Beijing wants to militarily deter Taiwan from changing the status quo and declaring independence. However, Chinese military options might be perceived in an offensive sense, as enabling Beijing to compel reunification. The United States sees its security assurance to Taiwan and the supply of weapons systems to prevent an invasion by the People’s Republic of China as defensively motivated. Nevertheless, defensively arming Taiwan and maintaining the ability of the United States to intervene in a crisis might be perceived by Beijing as a protective umbrella enabling Taiwan to declare independence.<sup>83</sup>

From China’s point of view, the development of its own anti-access/area-denial capabilities in the South and East China Seas serves to safeguard “core interests”, including, first and foremost, preventing Taiwan from declaring independence. What China may see as defensively motivated, is perceived in the United States as developing offensive capabilities, which, if they do not deprive the US military of the capability to project power in the region, certainly make such a move more difficult and risky.<sup>84</sup> China’s grand strategy, even under Xi Jinping, may basically be defensive. However, in an apparently threatening environment in which the Chinese leadership is uncertain whether its power and the integrity of the state can be maintained in the long run, even a “defensive policy can look suspiciously aggressive”.<sup>85</sup>

It is by no means easy for states to break out of the security dilemma. In order to assure the opponent of its own defensive intentions, steps are needed that may be considered too risky — certainly if the opponent’s present or future intentions are perceived as

offensive.<sup>86</sup> Security dilemmas between states can be mitigated by mutual transparency and confidence-building measures and arms control.<sup>87</sup> However, in the case of Sino-American relations, the sensitivity to possible security dilemmas seems to be limited by prevailing narratives that each side merely has defensive intentions. It cannot be determined whether the Chinese leadership itself believes in the narrative it propagates. Dominant narratives, however, set parameters for each side’s own foreign policy and provide a framework for interpreting the perception of other actors. Officially, China sees itself as a power that was humiliated for a long time and that now aims to retake its position as a respected nation after the century of humiliation; as history has shown, it is a peacefully minded, non-aggressive, non-expansive country, whose rise has been hindered by the United States.<sup>88</sup> The United States is equally unappreciative of the security dilemma. It sees itself predominantly as a liberal democracy that does not pose a threat to other states and, therefore, it should be in the interests of all well-meaning people that it guarantees international stability with superior military strength.<sup>89</sup> The combination of defensive, peaceful self-images and the attribution of offensive and aggressive intentions to the other side can trigger a conflict spiral.<sup>90</sup>

<sup>86</sup> In general on this problem, see Evan Braden Montgomery, “Breaking Out of the Security Dilemma: Realism, Reassurance, and the Problem of Uncertainty”, *International Security* 31, no. 2 (2006): 151–85.

<sup>87</sup> See Adam P. Liff and G. John Ikenberry, “Racing toward Tragedy? China’s Rise, Military Competition in the Asia Pacific, and the Security Dilemma”, *International Security* 39, no. 2 (2014): 52–91 (88ff.).

<sup>88</sup> See Merriden Varrall, *Chinese Worldviews and China’s Foreign Policy* (Sydney: Lowy Institute, November 2015); Andrew Scobell, “Learning to Rise Peacefully? China and the Security Dilemma”, *Journal of Contemporary China* 21, no. 76 (2012): 713–21.

<sup>89</sup> See Christopher J. Fettweis, “Unipolarity, Hegemony, and the New Peace”, *Security Studies* 26, no. 3 (2017): 423–51 (443ff.).

<sup>90</sup> In general on this, see Nicholas J. Wheeler, *Trusting Enemies. Interpersonal Relationships in International Conflict* (Oxford: Oxford University Press, 2018), 92f., 273f. On the “spiral model”, see Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), 62–67.

<sup>83</sup> See Thomas J. Christensen, “The Contemporary Security Dilemma: Deterring a Taiwan Conflict”, *The Washington Quarterly* 25, no. 4 (2002): 5–21.

<sup>84</sup> See James Johnson, *The US-China Military and Defense Relationship during the Obama Presidency* (Basingstoke: Palgrave Macmillan, 2018), 97f.

<sup>85</sup> “The grand strategy it pursues is, at heart, defensive — and all the more implacable for that. And because it is a massive country, that defensive policy can look suspiciously aggressive.” Sulmaan Wasif Khan, *Haunted by Chaos. China’s Grand Strategy from Mao Zedong to Xi Jinping* (Cambridge, MA, and London: Harvard University Press, 2018), 218.

# Dimensions and Dynamics of the Strategic Rivalry

The US-Chinese relationship can be interpreted as a complex “strategic rivalry”. Both countries are not only competitors for power and influence and systemic antagonists, but also potential military opponents.<sup>91</sup> The United States and China were already embroiled in a regional strategic rivalry during the Cold War. However, this ended when China broke ties with Moscow and Washington turned to China as a counterweight to the Soviet Union. The origin of today’s strategic rivalry can be traced back to the confrontation over Taiwan in 1996, when the possibility of a military confrontation came into focus.<sup>92</sup>

Their intensifying strategic rivalry, rooted in incompatible goals and mutual threat perceptions, has a regional (Pacific Asia) dimension, a global dimension and a technological dimension to it. Competition for technological leadership is so pronounced because the introduction of new groundbreaking technologies creates economic growth and secures competitive advantages with military implications.<sup>93</sup> And this is where the current situation is so completely different from the arms race with the Soviet Union: against a technologically backward opponent Washington was able to shift military competition to areas where the Soviet Union was weak. With China, the United States faces an opponent against whom this option does not exist, since China has caught up technologically and is even leading in some areas, such as quantum computing and robotics. Maintaining or restoring tech-

nological leadership is of eminent military importance for the United States.<sup>94</sup>

## The Regional Dimension

The US-Chinese conflict is more pronounced in the Western Pacific, especially in the South China Sea, than on the continental periphery of China.<sup>95</sup> In “maritime Asia”, the relationship is antagonistic, imbued with military threat perceptions.<sup>96</sup> In the United States, it is widely expected that China intends to establish an exclusive “maritime sphere of influence” in the South China Sea.<sup>97</sup> China is expanding its military options to counter US intervention capabilities on its periphery and to project its military power into the East Asian region and beyond. In conjunction with increased economic influence, this might enable China to “decouple” the United States from Asia, thereby gaining supremacy in the region.<sup>98</sup> In the United States, it is feared that China could use its growing economic clout and asymmetric economic relations to influence the security orientation of other states in

<sup>91</sup> See Manjeet S. Pardesi, *Image Theory and the Initiation of Strategic Rivalries* (Oxford: Oxford Research Encyclopedia of Politics, March 2017).

<sup>92</sup> See Elsa B. Kania, “Not a ‘New Era’ — Historical Memory and Continuities in U.S.-China Rivalry”, *The Strategy Bridge*, 7 May 2019.

<sup>93</sup> See Timothy R. Heath and William R. Thompson, “Avoiding U.S.-China Competition Is Futile: Why the Best Option Is to Manage Strategic Rivalry”, *Asia Policy* 13, no. 2 (2018): 91 – 119 (105ff.).

<sup>94</sup> See Robert O. Work and Greg Grant, *Beating the Americans at Their Own Game. An Offset Strategy with Chinese Characteristics* (Washington, D.C.: Center for a New American Security, 2019), 16.

<sup>95</sup> In detail, see Paul, *Kriegsgefahr im Pazifik* (see note 8), 195 – 260.

<sup>96</sup> See Joel Wuthnow, “Asian Security without the United States? Examining China’s Security Strategy in Maritime and Continental Asia”, *Asian Security* 14, no. 3 (2018): 230 – 45.

<sup>97</sup> Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations”, *Foreign Affairs*, 13 February 2018.

<sup>98</sup> Ashley J. Tellis, “Protecting American Primacy in the Indo-Pacific”, Testimony, Senate Armed Services Committee, Washington, D.C., 25 April 2017, [https://www.armed-services.senate.gov/imo/media/doc/Tellis\\_04-25-17.pdf](https://www.armed-services.senate.gov/imo/media/doc/Tellis_04-25-17.pdf) (accessed 16 April 2018).



the region, thereby undermining the US alliance system. This concern tends to ignore the fact that the economies of the East Asian states (apart from North Korea) are globally integrated, thus limiting China's ability to politically instrumentalize bilateral economic relations.<sup>99</sup>

In the Chinese discourse, the prevailing self-perception seems to be that China does not intend to exclude non-regional actors from the region as is often assumed in the United States. Chinese behavior in the South China Sea, however, can be taken as an indication that China is moving towards a policy of exclusion. Beijing has resolutely asserted legally questionable, historically founded territorial claims and established military outposts on artificial islands.<sup>100</sup> In the South China Sea, China's claims to some islands, rocks, reefs and low-tide elevations clash with those of four other littoral states (Vietnam, Philippines, Malaysia and Brunei). In addition, China's sovereignty claims within the "Nine-Dash Line" (an area that makes up most of the South China Sea) conflict with the Exclusive Economic Zones of these states and Indonesia. Moreover, China's (as well as some other countries') interpretation of the Convention on the Law of the Sea is that states have the right to regulate and prohibit the military activities of other states in their Exclusive Economic Zones (which extend up to 200 nautical miles from the coast), an interpretation that the United States firmly rejects.<sup>101</sup>

China may not yet have a coherent strategy with regard to the South China Sea, at least not a "master

plan" aimed at supremacy, as is often assumed by the Americans. The current policy can be interpreted as an "implicit strategy", which, from China's point of view, seeks to combine the defence of (however dubious) rights with the preservation of stability in the region. Yet, there seems to be a debate between proponents of competing approaches. Hardliners proclaim the necessity for Chinese control in this region, while pragmatists do not want to enforce Chinese sovereignty claims at the expense of regional instability, and moderates see the need to garner support in the region.<sup>102</sup>

### Clash of incompatible positions in the South China Sea.

In the South China Sea, there is a clash of incompatible positions under the law of the sea.<sup>103</sup> Basically, it is a conflict between the US claim to freedom of the seas and the Chinese claim to a sphere of influence. The conflict is fed by the mutual perception that in a crisis the other side could block important maritime lines of communication in the South China Sea. If China were to block them, the economic costs would probably be bearable if shipping traffic to Australia, Japan or South Korea had to be diverted, for example via the Sunda or Lombok Passage. However, a large proportion of the goods shipped across the South China Sea come from China or go there. It is, therefore, in China's interest to ensure maritime transport remains unhindered in the region. The Chinese fear that the US military could block the Strait of Malacca in the event of a crisis, thus severely affecting China's energy supply.<sup>104</sup>

**99** "As China's market power over Singapore, Malaysia, and Australia grew, each strengthened strategic cooperation with the US. US strategic superiority in maritime East Asia, rather than Chinese market power, determined their alignment preferences." Robert S. Ross, "On the Fungibility of Economic Power: China's Economic Rise and the East Asian Security Order", *European Journal of International Relations* 25, no. 1 (2019): 302–27 (318).

**100** See Steven F. Jackson, *China's Regional Relations in Comparative Perspective. From Harmonious Neighbors to Strategic Partners* (London: Routledge, 2018), 146–52; Denny Roy, "Assertive China: Irredentism or Expansionism?" *Survival* 61, no. 1 (2019): 51–74.

**101** In detail see Michael McDevitt, "Whither Sino-U.S. Relations: Maritime Disputes in the East and South China Seas?" in National Committee on American Foreign Policy, *U.S.-China Relations: Manageable Differences or Major Crisis?* (see note 40), 41–52; Ronald O'Rourke, *U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress*, CRS Report (Washington, D.C.: Congressional Research Service, 23 August 2019).

**102** See Feng Zhang, "Chinese Thinking on the South China Sea and the Future of Regional Security", *Political Science Quarterly* 132, no. 3 (2017): 435–66; id., "China's Long March at Sea: Explaining Beijing's South China Sea Strategy, 2009–2016", *The Pacific Review* (online), 19 March 2019.

**103** See Huiyun Feng and Kai He, "The Bargaining Dilemma between the United States and China in the South China Sea", in *US-China Competition and the South China Sea Disputes*, ed. Huiyun Feng and Kai He (London: Routledge, 2018), 14–28.

**104** See James Laurenceson, "Economics and Freedom of Navigation in East Asia", *Australian Journal of International Affairs* 71, no. 5 (2017): 461–73; Bobby Andersen and Charles M. Perry, *Weighing the Consequences of China's Control over the South China Sea* (Cambridge, MA: The Institute for Foreign Policy Analysis, November 2017), 12f.; Marc Lanteigne, "China's Maritime Security and the 'Malacca Dilemma'", *Asian Security* 4, no. 2 (2008): 143–61.

The geopolitical conflict over the South China Sea also has a nuclear dimension to it.<sup>105</sup> China seems to be fortifying the South China Sea as a protected bastion for ballistic missile submarines as part of a survivable second-strike capability. According to information from the United States, four ballistic missile submarines are already in service and more are in the planning stage.<sup>106</sup> China still has no sea-based ballistic missiles in service that, operating in the South China Sea, could reach not only Alaska and Guam but also the continental United States. It appears that they will be included in the next generation of strategic submarines.<sup>107</sup> Due to the limited range of the sea-based nuclear missiles currently in service, in the event of a serious international crisis, China may try to relocate ballistic missile submarines to the deeper and thus safer waters of the Pacific, through the bottlenecks of the “first island chain” (which extends from the Kuril Islands via the Japanese islands and Taiwan to Borneo). Securing the South China Sea against US anti-submarine warfare forces is already an enormous challenge — the expansion of the artificial islands must also be seen in this context. The protection of strategic submarines on their way to the western Pacific probably requires more surface ships than China currently has in service.<sup>108</sup>

While the East-West conflict was stabilized to a certain degree through the establishment of clear spheres of influence in Europe, the geostrategic situation in East Asia is a different, less stable one. There is no clear demarcation between spheres of influence and there are no respected buffer zones. China’s efforts to establish a kind of security zone within the first island chain amounts to a severe

provocation of the United States as the leading sea power.<sup>109</sup>

In this region, a worsening crisis between the United States and China poses a considerable risk to military instability. As US military planners assume, China will pursue offensive pre-emptive options in a crisis. At least, there are significant incentives for pre-emptive action against US armed forces in the region, for example in the form of massive missile salvoes. US forces must therefore be able to withstand a surprise attack. How good Chinese offensive capabilities are remains somewhat uncertain. In order to shore up their deterrent, states — and this holds true for the United States as well — make some of their capabilities transparent, but try to keep others hidden, so that the opponent remains uncertain. This uncertainty is a factor driving the arms race. For example, if the United States wants to remain militarily “competitive” with China in respect of a regional conflict, it must expand its capabilities to destroy Chinese systems with long-range weapons, especially cruise missiles.<sup>110</sup> Since the termination of the INF Treaty Washington has been free to deploy medium-range systems in Asia. It could base them on the island of Guam, which belongs to the United States, or — should its allies agree — in the north of Japan, the southern Philippines or in the northern part of Australia. With conventionally equipped medium-range systems, the US military could destroy Chinese forces in the South China and East China Seas without sending naval units into these risk zones. This would also obviate the need to initially eliminate missile systems on the Chinese mainland that would endanger US surface ships. Such an attack could inadvertently neutralize Chinese nuclear forces or their command and control facilities since, according to available information, China’s conventional and nuclear forces seem to be entangled. It cannot be ruled out that, in the event of a serious confrontation, China will be tempted to use nuclear weapons before they are put out of action.<sup>111</sup>

**105** See Andrew Scobell, “The South China Sea and U.S.-China Rivalry”, *Political Science Quarterly* 133, no. 2 (2018): 199–224.

**106** See Michael Paul, *Chinas nukleare Abschreckung. Ursachen, Mittel und Folgen der Stationierung chinesischer Nuklearwaffen auf Unterseebooten*, SWP-Studie 17/2018 (Berlin: Stiftung Wissenschaft und Politik, September 2018); Tong Zhao, *Tides of Change. China’s Nuclear Ballistic Missile Submarines and Strategic Stability* (Washington, D.C.: Carnegie Endowment for International Peace, 2018).

**107** A new ballistic missile with a range of about 9,000 km is being tested. See Kristensen and Korda, “Chinese Nuclear Forces, 2019” (see note 76), 175f.

**108** See *The Impact of Chinese Supporting Capabilities* (Beijing: Carnegie-Tsinghua Center for Global Policy, 24 October 2018).

**109** See Tunsjø, *Return of Bipolarity in World Politics* (see note 44), 133–38.

**110** See “China’s Competitive Strategy: An Interview with Robert O. Work”, *Strategic Studies Quarterly* 13, no. 1 (2019): 2–11. From 2014 until 2017 Robert O. Work was Under Secretary of Defense.

**111** See Nathan Levine, “Why America Leaving the INF Treaty is China’s New Nightmare”, *The National Interest*, 22 October 2018; Eric Sayers, “The Intermediate-range Nuclear Forces Treaty and the Future of the Indo-Pacific Military Balance”, *War on the Rocks*, 13 February 2018; on the risks of

## The Global Dimension

The Trump administration sees China's growing worldwide political and economic presence in the sense of a zero-sum game. If China is to gain influence globally, it will be at the expense of the United States. In particular, China's Belt and Road Initiative (BRI) has been viewed with some suspicion. The BRI and the establishment of the Asian Infrastructure Investment Bank (AIIB) have served to combine economic and geopolitical goals. China opens up new markets to make use of industrial overcapacities; it builds new road and rail networks to reduce the dependence on vulnerable sea lanes. And in this process it is widening its economic leverage and shoring up its position in the global power competition.<sup>112</sup>

Initially, the Trump administration's response to the initiative was rather restrained and it even sent a representative to the first BRI Forum in 2017. However, the US position soon hardened. Washington warned against China's "debt trap diplomacy" aimed at extending its political influence. The case of Sri Lanka has been repeatedly cited as an example. In December 2017, China took over the port that had been built there with Chinese loans, but which the Sri Lankan government was unable to repay.<sup>113</sup> The fact that on closer analysis this case is the exception rather than the rule is largely ignored in the US campaign to prevent countries from participating in BRI projects.<sup>114</sup>

escalation, see James M. Acton, "Escalation through Entanglement: How the Vulnerability of Command-and-control Systems Raises the Risks of an Inadvertent Nuclear War", *International Security* 43, no. 1 (2018): 56–99; Caitlin Talmadge, "Would China Go Nuclear? Assessing the Risk of Chinese Nuclear Escalation in a Conventional War with the United States", *International Security* 41, no. 4 (2017): 50–92.

**112** See Kevin G. Cai, "The One Belt One Road and the Asian Infrastructure Investment Bank: Beijing's New Strategy of Geoeconomics and Geopolitics", *Journal of Contemporary China* 27, no. 114 (2018): 831–47; Hanns Günther Hilpert and Gudrun Wacker, *Geoökonomie trifft Geopolitik. Chinas neue außenwirtschaftliche und außenpolitische Initiativen*, SWP-Aktuell 52/2015 (Berlin: Stiftung Wissenschaft und Politik, May 2015).

**113** See Nectar Gan and Robert Delaney, "United States under Donald Trump Is Veering Away from China's Belt and Road", *South China Morning Post*, 25 April 2019.

**114** See Agatha Kratz, Allen Feng and Logan Wright, "New Data on the 'Debt Trap' Question", *Rhodium Group*, 29 April 2019.

The Trump administration has promoted the idea of the "Free and Open Indo-Pacific" as a kind of counter-narrative to the BRI. As has been aptly argued, this is a "strategic narrative", a narrative with the aim of promoting one's own interests. Narratives reduce complexity and also serve to mobilize domestic and international support. At the international level, the narrative contrasts the rules-based international order with an order shaped by China; at the national level, it signals the antithesis of democracy and autocracy; at the thematic level, it marks the difference between a defensive policy aimed at maintaining the status quo and an expansive revisionist one.<sup>115</sup>

In October 2018, the International Development Finance Corporation (IDFC) was signed into law in order to keep pace with China's global money flows. It is intended to support and secure US foreign investment. Its aim, as the law states, is to provide "a robust alternative to state-directed investments by authoritarian governments". This new organization, which began operations in December 2019, takes over and expands tasks previously performed by the Overseas Private Investment Corporation (OPIC) and parts of the US Agency for International Development (USAID). The IDFC's expected financial volume of \$60 billion remains well below China's BRI investment — estimated by some to be approximately \$340 billion between 2014 and 2017.<sup>116</sup>

### The United States is trying to dissuade other countries from further developing economic ties with China.

The United States is trying to dissuade other countries from further developing economic ties with China. Washington has warned Israel against partici-

**115** Giulio Pugliese, "The 'Free and Open Indo-Pacific' as a Strategic Narrative", *China-US Focus*, 18 February 2019, <https://www.chinausfocus.com/foreign-policy/the-free-and-open-indo-pacific-as-a-strategic-narrative>. In addition, see Bruce Vaughn et al., *The Trump Administration's "Free and Open Indo-Pacific": Issues for Congress* (Washington, D.C.: Congressional Research Service, 3 October 2018).

**116** See Daniel Kliman, *To Compete with China, Get the New U.S. Development Finance Corporation Right* (Washington, D.C.: Center for a New American Security, February 2019); Shayerah Ilias Akhtar and Marian L. Lawson, *BUILD Act: Frequently Asked Questions about the New U.S. International Development Finance Corporation* (Washington, D.C.: Congressional Research Service, 15 January 2019).



pating in infrastructure projects with China. Particularly worrisome is the prospect that the state-owned Shanghai International Port Group will operate the port of Haifa.<sup>117</sup> Washington is no less concerned about the UK's cooperation with the Chinese nuclear company China General Nuclear, which, according to the United States, transfers technology for military use.<sup>118</sup> During his visit to Panama, Secretary of State Michael Pompeo warned the country's president against expanding economic relations with China. Washington is apparently concerned that Panama could become a "bridgehead" for China's growing economic influence in the Western hemisphere. China, whose ships are heavily reliant on the Panama Canal, is involved in several infrastructure projects in Panama. The United States began to focus on China's role there when the Panamanian government announced in June 2017 that it would break off diplomatic relations with Taiwan. The Dominican Republic and El Salvador followed suit shortly thereafter.<sup>119</sup>

In response to pressure from Washington, the United States-Mexico-Canada Agreement (USMCA) contains a passage aimed at China. The contracting parties are required to inform each other at least three months prior to commencing negotiations with a "non-market economy" and to provide as much information as possible about the objectives of these negotiations. If one of the parties enters into a free trade agreement with a non-market economy, the other parties to the USMCA are free to terminate the agreement with six months' notice and replace it with a bilateral agreement, in effect excluding the party that enters into a free trade agreement with a non-market economy. In purely legal terms, this clause may have little meaning in practice and may be regarded as symbolic, as sending a signal; the USMCA can be terminated by either party with six months' notice anyway. This clause, however, legiti-

mizes a potential US response that could otherwise be perceived as a unilateral use of economic pressure. The US administration aims to include a similar transparency mechanism in free trade agreements with other states.<sup>120</sup>

Africa is regarded as the "new front" in the Sino-American struggle for influence. From the Trump administration's point of view, Beijing is trying to make African countries submissive to Chinese interests through loans, bribery and dubious agreements. Introducing the "new Africa strategy" in December 2018, then security advisor John Bolton warned against China's "predatory" practices in Africa.<sup>121</sup> Shortly before leaving office, UN Ambassador Nikki Haley tried to prevent a Chinese diplomat from being appointed UN Special Ambassador for the Great Lakes (in Africa). There may have been some concern that the Chinese could use his specific UN role to expand Chinese influence in the region. But there is also general concern about China's growing clout within the UN. China wants to place its own diplomats in UN leadership positions. In addition, Beijing has considerably expanded its participation in UN peace missions, both financially and in terms of personnel. As a result, the United States has begun to scrutinize Chinese influence in the UN and in other international organizations.<sup>122</sup>

Washington also sees the Arctic as a new arena for great power rivalry. Its focus is not only on Russia, but meanwhile also on China, which sees itself as a "Near-Arctic State". The Pentagon's most recent annual report on Chinese military power, published in April 2019, contains a section on the Arctic. In it, the Department of Defense warns against China's growing presence in the region, including the possibility that China could deploy nuclear submarines there.<sup>123</sup>

**117** See William A. Galston, "What's Beijing Doing in Haifa?" *The Wall Street Journal*, 29 May 2019; Amos Harel, "With Its National Security at Stake, Israel Takes Sides in U.S.-China Trade War", *Haaretz*, 26 May 2019.

**118** See David Sheppard, "UK Warned on Nuclear Ties with China", *Financial Times*, 26 October 2018.

**119** See Edward Wong, "Mike Pompeo Warns Panama against Doing Business with China", *The New York Times*, 19 October 2018. In more detail on Chinese activities in Latin America, see Katherine Koleski and Alec Blivas, *China's Engagement with Latin America and the Caribbean*, Staff Research Report (Washington, D.C.: U.S.-China Economic and Security Review Commission, 17 October 2018).

**120** See Geraldo Vidigal, *A Really Big Button That Doesn't Do Anything? The "Anti-China" Clause in US Trade Agreements* (Amsterdam: Amsterdam Law School, May 2019).

**121** "Remarks by National Security Advisor Ambassador John R. Bolton on the Trump Administration's New Africa Strategy", Washington, D.C., 13 December 2018, <https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-trump-administrations-new-africa-strategy/> (accessed 22 August 2019).

**122** See Robbie Gramer and Colum Lynch, "Haley Tried to Block Appointment of Chinese Diplomat to Key U.N. Post. He Got the Job Anyway", *Foreign Policy*, 14 February 2019.

**123** "Civilian research could support a strengthened Chinese military presence in the Arctic Ocean, which could include deploying submarines to the region as a deterrent

One month later, Secretary of State Pompeo warned the Arctic Council against China's "aggressive behaviour" in the region.<sup>124</sup>

The United States has been responding to China's growing interest in the region, as articulated in the Chinese government's Arctic policy from January 2018 and numerous other activities.<sup>125</sup> According to Secretary of State Pompeo, China invested almost \$90 billion in the Arctic between 2012 and 2017. Due to climate change and melting polar ice, the region has become interesting for China. Not only does the northern sea route shorten the distance between China and Europe considerably, China is also interested in exploiting Arctic energy resources. A 2008 US Geological Survey estimated that around 13 percent of the world's undiscovered oil reserves and around 30 percent of the world's undiscovered gas reserves are located in the Arctic. In summer 2018, the first deliveries of liquefied gas from the Yamal Peninsula in Russia were shipped via the northern route.<sup>126</sup> China is not only investing in Russia, but also in other Arctic countries, such as Iceland and Greenland (which belongs to Denmark). The purchase of a former US naval base in Greenland and plans to expand an airport failed, however, because the Danish government objected to the airport project, following an intervention by the then US Secretary of Defense James Mattis.<sup>127</sup>

### **The United States views China's presence in the Arctic as a security threat.**

The United States views China's presence in the Arctic as a security threat. The Pentagon's report on its Arctic strategy published in June 2019 sees the region as a "potential vector for an attack on the U.S.

against nuclear attacks." Department of Defense, *Annual Report to Congress. Military and Security Developments Involving the People's Republic of China 2019* (Washington, D.C., May 2019), 114.

**124** Michael R. Pompeo, "Looking North: Sharpening America's Arctic Focus", Remarks, Rovaniemi, 6 May 2019, <https://ee.usembassy.gov/americas-arctic-focus/> (accessed 16 July 2019).

**125** Ibid.

**126** See Steven Lee Myers and Somini Sengupta, "Latest Arena for China's Growing Global Ambitions: The Arctic", *The New York Times*, 27 May 2019.

**127** See David Auerswald, "China's Multifaceted Arctic Strategy", *War on the Rocks*, 24 May 2019.

homeland".<sup>128</sup> The deployment of ballistic missile submarines in the Arctic would have two advantages for China. Firstly, if Chinese strategic submarines were able to operate under the ice, this would probably reduce their vulnerability to American anti-submarine warfare. Secondly, the flight time to targets in the continental United States would be considerably shorter than from launching areas in the Pacific. However, these scenarios are not likely to occur in the short-term and remain speculative for the time being. Chinese submarines would likely require a developed infrastructure in Arctic Russia.<sup>129</sup> Nevertheless, US military planners appear to be reckoning with this in their worst-case assumptions. Although China's White Paper on Arctic Policy does not explicitly mention military aspects, the strategic importance of the Arctic is an important topic in Chinese military discourse.<sup>130</sup>

## **The Technological Dimension**

The Sino-American conflict has a pronounced technological dimension; it is a kind of struggle for technological supremacy in the digital age.<sup>131</sup> For the Chinese leadership, it is a matter of "catching up and surpassing" the West in the field of advanced technology. From this point of view, the technological superiority of the West has secured its global dominance.<sup>132</sup> The United States under Trump wants to weaken China economically and technologically. It is no coincidence, therefore, that Huawei is at the centre of the dispute, one of China's most important technology groups, accused of stealing company secrets in the United States, circumventing Iranian sanctions and obstructing a police investigation. Michael Pillsbury of the Hudson Institute, an advisor to the Trump ad-

**128** Department of Defense, *Report to Congress Department of Defense Arctic Strategy* (Washington, D.C., June 2019), 6.

**129** See Lyle J. Goldstein, "Chinese Nuclear Armed Submarines in Russian Arctic Ports? It Could Happen", *The National Interest*, 6 June 2019.

**130** See David Curtis Wright, *The Dragon and Great Power Rivalry at the Top of the World: China's Hawkish, Revisionist Voices with Mainstream Discourse on Arctic Affairs* (Calgary: Canadian Global Affairs Institute, September 2018).

**131** See James A. Lewis, *Technological Competition and China* (Washington, D.C.: Center for Strategic and International Studies, November 2018).

**132** See Julian Baird Gewirtz, "China's Long March to Technological Supremacy. The Roots of Xi Jinping's Ambition to 'Catch up and Surpass'", *Foreign Affairs*, 27 August 2019.

ministration, summed it up as follows, “The Americans are not going to surrender global technological supremacy without a fight, and the indictment of Huawei is the opening shot in that struggle”.<sup>133</sup> In the Trump administration’s view, the conflict with Huawei is about who controls the information systems in future 5G networks. This is seen as a zero-sum game. Accordingly, the administration is actively pursuing its worldwide campaign to persuade states to refrain from using Chinese technology.<sup>134</sup>

In May 2019, Huawei was effectively cut off from American supplies. Firstly, the US Department of Commerce put the company on its so-called “Entity List”. US and foreign companies supplying Huawei with US components above a certain threshold must apply for approval. Under this procedure, licences are generally denied unless there are compelling reasons to grant one. In 2018, 33 of Huawei’s 92 most important suppliers came from the United States. The second restriction, which not only affects Huawei, took the form of an executive order signed by President Trump. It prohibits US companies from conducting transactions for information and communication technologies (the definition of which is very broad) if these are designed, developed, manufactured or supplied by persons (meaning not only individuals, but also organizations and firms) “owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary” and these transactions pose unacceptable national security risks.<sup>135</sup>

President Trump may have taken this step simply to increase pressure on China in trade negotiations.

**133** Quoted in David E. Sanger, Katie Benner and Matthew Goldstein, “Huawei and Top Executive Face Criminal Charges in the U.S.”, *The New York Times*, 28 January 2019. As Pillsbury argues, China had already drawn up a plan in 1950 to replace the United States as a global superpower within 100 years. See his book *The Hundred-Year Marathon. China’s Secret Strategy to Replace the United States as the Global Superpower* (New York: Henry Holt and Company, 2015). For a critical review, see Alastair Iain Johnston, “Shaky Foundations: The ‘Intellectual Architecture’ of Trump’s China Policy”, *Survival* 61, no. 2 (2019): 189–202.

**134** See David E. Sanger et al., “U.S. Scrambles to Outrun China in New Arms Race”, *The New York Times*, 27 January 2019.

**135** See Charles Rollet, “Huawei Ban Means the End of Global Tech”, *Foreign Policy*, 17 May 2019; The White House, *Executive Order on Securing the Information and Communications Technology and Services Supply Chain* (Washington, D.C., 15 May 2019).

Fixated on the trade deficit and interested in a deal with China, Trump announced a relaxation of the supply ban on Huawei after meeting Chinese President Xi Jinping at the end of June 2019 in Osaka. Intensive lobbying by the US semiconductor industry had not gone unnoticed by the Trump administration. These firms, reacting to Beijing’s hint that China, too, would set up a list of unreliable suppliers, were concerned they would lose access to the Chinese market.<sup>136</sup>

There seems to be no consensus in the administration about the goals being pursued by placing economic pressure on China, particularly through trade sanctions. Three different approaches can be distinguished. Some in the administration want to achieve a restructuring of the Chinese economy because the strong role of state-owned corporations in industrial policy and the resulting distortions of competition have long been a constant annoyance. Others are willing to make a deal if the Chinese economy is opened up more to US investment, exports and services. Still others have in mind to decouple the two economies.<sup>137</sup> For these “China hawks” in the administration – namely Peter Navarro, Trump’s advisor on trade issues and director of the Office of Trade and Manufacturing Policy in the White House – the fight against Huawei is an important stage in the competition for future technological supremacy.<sup>138</sup> By decoupling the two economies as much as possible they hope to reduce US economic and technological vulnerability, and thus also the security vulnerability that has resulted from interdependence.<sup>139</sup> For them, China is a serious threat to the industrial foundations of the United States. They see economic and national security as inseparable.<sup>140</sup>

Accordingly, the Interagency Task Force set up by President Trump to strengthen the US industrial base

**136** See Jenny Leonard and Ian King, “Why Trump Eased Huawei Tech Ban. U.S. Chipmakers Said It Could Hurt Economy and National Security”, *Los Angeles Times*, 3 July 2019.

**137** For this differentiation, see David Dollar, Ryan Hass and Jeffrey A. Bader, “Assessing U.S.-China Relations 2 Years into the Trump Presidency”, *Order from Chaos* (Blog, The Brookings Institution, 15 January 2019).

**138** See Richard Waters, Kathrin Hille and Louise Lucas, “Trump Risks a Tech Cold War”, *Financial Times*, 25 May 2019.

**139** See Uri Friedman, “Donald Trump’s Real Endgame with China”, *The Atlantic*, 4 October 2018; Michael Hirsh, “Trump’s Economic Iron Curtain against China”, *Foreign Policy*, 23 August 2019.

**140** Peter Navarro, “Our Economic Security at Risk”, *The New York Times*, 5 October 2018.

and the resilience of supply chains took a very close look at China. The Task Force identified Chinese industrial and trade policy as one of five macro factors that are seen as endangering the US industrial base and its capacity for innovation — and thus jeopardizing the preconditions for military dominance.<sup>141</sup> China also poses “a significant and growing risk to the supply of materials and technologies deemed strategic and critical to U.S. national security”.<sup>142</sup> These include special metals, including rare earth elements. Moreover, according to this analysis, China is the sole source or main supplier of a number of “critical energetic materials used in munitions and missiles”.<sup>143</sup> The considerable role that rare earth metals play in many weapons systems and China’s dominant role in the market are problems that the Pentagon has been tackling for years without ever finding a satisfactory solution. With China hinting at possibly using export restrictions on such metals as a lever in the trade dispute, this issue has received renewed public attention.<sup>144</sup>

Technological competition is not only about the consequences for security policy, but also for the labour market — should China implement its ambitious projects as formulated in “Made in China 2025”. This plan, adopted in May 2015 by the State Council, the highest state body, is part of a series of programmes to modernize the Chinese economy, with the aim of avoiding the so-called “middle income trap” and making the transition to a “high-income economy” by inventing own products and moving the

Chinese economy up the value chain. “Made in China 2025” is the first step in this process of innovation, followed by breakthroughs in important areas by 2035. By 2049, the 100th anniversary of the foundation of the People’s Republic of China, the country expects to have become the leading industrial nation.<sup>145</sup> All this is to be achieved with the support of American companies as well, for example in aircraft construction: at least ten American companies are taking part in joint ventures to develop the C 919 aircraft, which would make China a competitor to Boeing and Airbus on the global market for passenger aircraft.<sup>146</sup> From the perspective of the US economy, “Made in China 2025” aims to change the dynamics of global markets in core sectors. The ultimate goal of China’s industrial policy is to develop not only “national” but also “global champions” i.e. companies that are world leaders in their industrial sectors.<sup>147</sup>

Growing Chinese competition is likely to lead to further job losses in the United States. While jobs in manufacturing, in particular, have so far fallen victim to competition from China, Chinese practices such as theft of intellectual property and forced technology transfer are now threatening the higher segment of the US economy in the services and high-tech sectors.<sup>148</sup> In the two decades following the establishment of economic relations in 1979, when the United States and China signed a bilateral trade agreement,

**141** “China’s non-market distortions to the economic playing field must end or the U.S. will risk losing the technology overmatch and industrial capabilities that have enabled and empowered our military dominance”. Department of Defense, *Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States. Report to President Donald J. Trump by the Interagency Task Force in Fulfillment of Executive Order 13806* (Washington, D.C., September 2018), 36.

**142** Ibid.

**143** Ibid., 37.

**144** See Keith Johnson and Lara Seligman, “How China Could Shut Down America’s Defenses”, *Foreign Policy*, 11 June 2019. China’s near-monopoly in this area was first widely perceived as a problem when Beijing “unofficially” stopped the export of rare earth metals to Japan in September 2010. This was Beijing’s reaction to a maritime incident in the waters around the Diaoyu/Senkaku Islands, to which both China and Japan have territorial claims. On this and the broader problem, see Sophia Kalantzakos, *China and the Geopolitics of Rare Earths* (Oxford: Oxford University Press, 2018).

**145** See Wayne M. Morrison, *The Made in China 2025 Initiative: Economic Implications for the United States*, In Focus (Washington, D.C.: Congressional Research Service, 29 August 2018).

**146** See U.S. Senate Committee on Small Business and Entrepreneurship, *Made in China 2025 and the Future of American Industry* (Washington, D.C., 2019).

**147** See U.S. Chamber of Commerce, *Made in China 2025: Global Ambitions Built on Local Protections* (Washington, D.C., 2017). It is not without irony that, in the individualistic capitalist US, the model of a state-controlled Chinese economy is regarded as a serious economic threat and even its future superiority feared, but its structural problems are overlooked (limited competition inhibits innovation, huge state-owned companies undermine market mechanisms, state subsidies lead to financial risks). In a way, this is reminiscent of the “paranoia” of the 1980s when Japan was seen as the great challenge. William H. Overholt, “Myths and Misconceptions in U.S.-China Relations”, in National Committee on American Foreign Policy, *U.S.-China Relations* (see note 40), 19–30 (26).

**148** See Joshua P. Meltzer and Neena Shenai, *The US-China Economic Relationship: a Comprehensive Approach*, Policy Brief (Washington, D.C.: The Brookings Institution/American Enterprise Institute, February 2019).

America mainly imported labour-intensive products of low value. Today, around one third of imports from China are advanced technology products. Growing Chinese imports led to job losses in the United States,<sup>149</sup> although the extent of these losses is controversial. According to a study by the National Bureau of Economic Research, imports from China between 1999 and 2011 directly or indirectly led to the loss of 2 to 2.4 million jobs in the manufacturing industry. That would be around ten percent of the industrial jobs lost during this period. In other studies, productivity gains are more likely to be held responsible for job losses. US exports to China, however, also secure an estimated 1.8 million jobs in the United States – not to mention the benefits that US consumers derive from importing cheap products manufactured in China.<sup>150</sup>

**What is becoming apparent in the campaign against Huawei is the turn away from the positive-sum logic in economic relations with China.**

What is becoming apparent in the campaign against Huawei is the abandonment of the positive-sum logic in economic relations with China. As long as Washington did not fear the rise of a strategic rival, economic logic prevailed. In absolute terms, the United States benefited from economic exchange relations. It played no significant role that China might have benefited relatively more from this. This economic logic, which was based on absolute gains, was

linked to the expectation that economic interdependence would promote political cooperation and stabilize peace.<sup>151</sup>

With China seen as a global strategic rival, the economic logic has given way to a security-policy logic with its dominant concern being the relative distribution of gains<sup>152</sup> and the negative consequences of economic interdependence for preserving the technological basis of military superiority. America wants to maintain its technological superiority over China, which is favourably positioned in the transition to the “fourth industrial revolution”, in which artificial intelligence plays an important role. China, on the other hand, is determined to close the technological gap and it aims to do so through industrial policy initiatives that are part of the Made in China 2025 framework, economic transactions focussing on technology transfer and industrial espionage. Clearly, a number of President Trump’s initiatives are aimed at impeding China’s technological progress. Above all, the US technological base must be protected: the Committee on Foreign Investment in the United States is examining Chinese investments in the United States more closely and restricting them. The Foreign Investment Risk Review Modernization Act of 2018 extends the scope of the review to include “critical technology”. What this involves is not yet clear. The list also includes so-called “emerging and foundational technologies”, which have yet to be determined in the reformed export control process.<sup>153</sup>

In addition, Washington is taking targeted measures to slow down technological innovation in China: economic transactions with Chinese companies are to be restricted and export controls tightened. The Export Control Reform Act, which came into force in August 2018, authorizes export restrictions on “emerging and foundational” technologies that are considered essential for US national security but are not subject to existing controls. A permanent inter-

**149** As American-Chinese economic contacts intensified, economic issues replaced human rights issues as the most controversial topic in the US Congress. Time and again, legislative initiatives were launched which expressed dissatisfaction with Chinese currency manipulation, the theft of intellectual property and violations of WTO rules. These initiatives were, to a large extent, reactions to the loss of American jobs in the manufacturing sector. Thus the authors of a study come to the following conclusion: “After 2003, the greater the impact of Chinese imports on a given district, the more likely that district’s legislator would vote for negative legislation pertaining to China.” John Seungmin Kuk, Deborah Seligsohn and Jiakun Jack Zhang, “From Tiananmen to Outsourcing: the Effect of Rising Import Competition on Congressional Voting Towards China”, *Journal of Contemporary China* 27, no. 109 (2018): 103 – 19 (117).

**150** See Wayne M. Morrison, *China-U.S. Trade Issues*, CRS Report (Washington, D.C.: Congressional Research Service, 30 July 2018), 7, 15ff.

**151** On this and the following Anthea Roberts, Henrique Choer Moraes and Victor Ferguson, *Toward a Geoeconomic Order in International Trade and Investment*, Draft Version, SSRN, 20 September 2019, 4ff., [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3389163](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3389163) (accessed 24 September 2019).

**152** In general on the relationship between security and relative gains, see Peter Liberman, “Trading with the Enemy: Security and Relative Economic Gains”, *International Security* 21, no. 1 (1996): 147 – 75.

**153** See James K. Jackson, *The Committee on Foreign Investment in the United States (CFIUS)*, CRS Report (Washington, D.C.: Congressional Research Service, 6 August 2019), 24f.



agency coordination process serves to identify such technologies. Among the technologies that the Bureau of Industry and Security in the Department of Commerce, which is responsible for this process, has in mind are those that are central to Made in China 2025, including biotech, artificial intelligence and quantum computing.<sup>154</sup> There are also efforts underway to reduce the transfer of knowledge by Chinese students and scientists in the United States. This includes restrictions on granting visas to Chinese students who are involved in research that is considered sensitive. Chinese scientists who, in the opinion of the FBI, maintain relations with Chinese intelligence services will be denied visas.<sup>155</sup>

### **The rivalry between the United States and China could lead to the emergence of a new “geoeconomic world order”.**

All these defensive and offensive measures might lead the Chinese to seek to reduce its dependence on the United States and those states that are integrated into the US strategy of denying China access to advanced technology. The rivalry between the United States and China could lead to the emergence of a new “geoeconomic world order”, in which the question of the relative distribution of gains and the concern about the security consequences of economic interdependence play a far more important role than in recent decades.<sup>156</sup> If economic and security inter-

ests are adjusted in this manner, it could lead to a reduction in the level of global economic integration, a kind of de-globalization.

If developments were to move in this direction, it would not be too surprising. Historical experience shows that strategic rivalries tend to have an impact on economic relations.<sup>157</sup> This effect depends not only directly on state restrictions, such as export and investment controls, but also indirectly on decisions by economic actors that reflect the deterioration of political relations in their behaviour. US companies are already relocating their production and postponing investment decisions. In August 2019, President Trump further fuelled uncertainty about the future of American-Chinese economic relations by calling on US firms to look for production sites outside China.<sup>158</sup> Despite a cease-fire in January 2020 (the so-called phase-one agreement), the trade dispute remains unresolved and considerably increased US tariffs affect a wide range of imports from China.

**154** For more details, see Peter Lichtenbaum, Victor Ban and Lisa Ann Johnson, “Defining ‘Emerging Technologies’: Industry Weighs in on Potential New Export Controls”, *China Business Review*, 17 April 2019; Kevin Wolf, “Confronting Threats from China: Assessing Controls on Technology and Investment”, Testimony before the Senate Committee on Banking, Housing, and Urban Affairs, 4 June 2019, <https://www.banking.senate.gov/imo/media/doc/Wolf%20Testimony%206-4-19.pdf> (accessed August 23, 2019).

**155** See Jane Perlez, “F.B.I. Bars Some China Scholars From Visiting U.S. over Spying Fears”, *The New York Times*, 14 April 2019.

**156** Such a geoeconomic world order would be characterized “by a higher degree of convergence between security and economics; a greater focus on relative economic gains given their implications for security; and increased concern over the security risks posed by interdependence in terms of undermining state control, self-sufficiency and resilience”. Anthea Roberts, Henrique Choer Moraes and Victor Ferguson, “The Geoeconomic World Order”, *Lawfare* (Blog), 19 November 2018.

**157** The authors of a study on this problem conclude, “that rivalry reduces the volume of bilateral trade between two countries, and that this trade-suppressing effect is stronger among pairs of countries with similar national power”. Johann Park and Chungshik Moon, “Interstate Rivalry and Interstate Trade”, *The Chinese Journal of International Politics* 11, no. 3 (2018): 271–96 (294).

**158** See David J. Lynch, “U.S.-China Dispute Shakes Firms’ Plans”, *The Washington Post*, 14 February 2019; Keith Bradsher, “One Trump Victory: Companies Rethink China”, *The New York Times*, 5 April 2019; Ana Swanson, “As Trump Escalates Trade War, U.S. and China Move Further Apart with No End in Sight”, *The New York Times*, 1 September 2019; Chad P. Bown, *US-China Trade War: The Guns of August* (Washington, D.C.: Peterson Institute for International Economics, 17 September 2019).

# Prospects

The strategic rivalry between the United States and China contains the ingredients to solidify into a “structural world conflict”<sup>159</sup> with the potential for economic and military risks. This conflict not only has a subjective dimension because the actors involved perceive it from this perspective, but also an objective one because it has started to shape the structure of international politics. Europe cannot significantly influence the Sino-American world conflict. However, its consequences might be dramatic if the economic interdependence between the United States and China dissolved, economic blocs or closed economic spaces emerged and a process of economic deglobalization began.<sup>160</sup> If the American-Chinese conflict continues to escalate and leads to a bipolarization of the international system, the basis for global multilateralism may also dwindle.<sup>161</sup>

## Strategic Rivalry instead of Geopolitical Accommodation

Since American-Chinese strategic rivalry is about regional and global leadership, at least from the prevailing American point of view, only its intensity and risks can be mitigated.<sup>162</sup> The Chinese expert and elite discourse also seems to be dominated by the view that the strategic rivalry with the United States is likely to be intense and long-lasting and conflict management

is needed to reduce the risks.<sup>163</sup> But this is anything but easy. Mutual “strategic distrust”<sup>164</sup> over the goals of the other side runs deep, there is a lack of willingness to reach a strategic understanding and strong traditional interests leave little room for mutually acceptable geopolitical compromises. In both the Chinese and American debates, there are occasionally proposals for a kind of “grand bargain”. One proposal voiced in the US discourse is to end the commitment to defend Taiwan against Chinese aggression — in exchange for a commitment by the Chinese to settle the maritime and territorial disputes in the South and East China Seas peacefully and to accept America’s traditional security role in East Asia.<sup>165</sup> Conversely, in China it has been proposed that Washington should recognize China’s leading position in Asia based on its growing economic importance and allow China “strategic space” in parts of the Western Pacific — in return China would accept US global military superiority and predominant influence in other world regions. Proposals of this kind have at best the prospect of becoming politically effective if at least one

**159** On “structural world conflicts”, see Link, *Ost-West-Konflikt* (see note 43), 35 — 53.

**160** See David A. Lake, *Economic Openness and Great Power Competition: Lessons for China and the United States*, 21st Century China Center Research Paper no. 2018-01 (San Diego: University of California San Diego School of Global Policy and Strategy, April 2018).

**161** From a Chinese perspective, see Yan Xuetong, “The Age of Uneasy Peace: Chinese Power in a Divided World”, *Foreign Affairs*, 11 December 2018; in addition, see Ngaire Woods, “Can Multilateralism Survive the Sino-American Rivalry?” *The Strategist*, 10 July 2019.

**162** See Heath and Thompson, “Avoiding U.S.-China Competition Is Futile” (see note 93), 115 — 19.

**163** See Minghao Zhao, “Is a New Cold War Inevitable? Chinese Perspectives on US-China Strategic Competition”, *The Chinese Journal of International Politics* 12, no. 3 (2019): 371 — 94.

**164** On the lack of trust, see Gregory J. Moore, “Avoiding a Thucydides Trap in Sino-American Relations (... and 7 Reasons Why that Might Be Difficult)”, *Asian Security* 13, no. 2 (2017): 98 — 115 (99f.). On the necessity, but also on the problems, of a Chinese policy of “strategic reassurance”, which would have to create confidence that China’s present and — even more difficult — future intentions do not aim at establishing an exclusive sphere of influence in Asia, see Reinhard Wolf, “Rising Powers, Status Ambitions, and the Need to Reassure: What China Could Learn from Imperial Germany’s Failures”, *The Chinese Journal of International Politics* 7, no. 2 (2014): 185 — 219.

**165** See Charles L. Glaser, “A U.S. — China Grand Bargain? The Hard Choice between Military Competition and Accommodation”, *International Security* 39, no. 4 (2015): 49 — 90.

of the two antagonists were to reassess its own core interests.<sup>166</sup>

For the United States, it can be said with some certainty that a geopolitical accommodation along these lines is incompatible with the traditional perception of its interests and the claim to primacy.<sup>167</sup> Occasionally the question is asked whether China's supremacy in East Asia, which is similar to that of the United States in Latin America, could perhaps be reconciled with American interests.<sup>168</sup> The United States, however, still sees itself as the power whose leading role in the Indo-Pacific region is indispensable. The US Congress reaffirmed this understanding with the Asia Reassurance Initiative Act of 2018, adopted in December 2018. This legislative initiative is largely symbolic as an expression of support for President Trump's competitive approach to China.<sup>169</sup>

### Rivalry with China as Organizing Principle of US Foreign Policy?

On China policy, Congress has supported and reinforced rather than moderated the administration's hard line. This applies to both Republicans and Democrats.<sup>170</sup> Congressional initiatives reflect a change in sentiment towards China. Assertiveness in the South

China Sea, mercantilist economic practices and an authoritarian hardening have all changed America's perception of China into a negative one.<sup>171</sup> Because of unfair practices, disenchantment has spread among the US business community, traditionally an influential lobby for engagement with China. Nevertheless, large parts of the US economy have no interest in the administration intensifying the trade war. In June 2019, the US Chamber of Commerce warned of the immense costs of the trade war. It urged the Trump administration to resume negotiations with China and work with allies towards a comprehensive trade agreement with China.<sup>172</sup> Human rights groups, which have traditionally had a hard time opposing the China lobby, see their concerns confirmed as China has expanded the surveillance state and set up re-education camps in Xinjiang.<sup>173</sup> The human rights situation in China has led to bipartisan initiatives in Congress to push the administration for a more robust response to China's repression of the Uighurs, for example by imposing sanctions on Chinese party officials.<sup>174</sup> There is also a new concern that China is trying to influence US society and politics in a variety of ways, be it through Chinese-born Americans, be it through the Confucius Institutes, be it through think tanks, universities, the media or the business world.<sup>175</sup> Congress took up this concern in a number of hear-

**166** See Evelyn Goh, "The Prospects for a Great Power 'Grand Bargain' in East Asia", in *New Directions in Strategic Thinking 2.0. ANU Strategic & Defence Studies Centre's Golden Anniversary Conference Proceedings*, ed. Russell W. Glenn (Canberra: Australian National University Press, 2018), 51–62 (60f.).

**167** See Steven Ward, *Status and the Challenge of Rising Powers* (Cambridge et al.: Cambridge University Press, 2017), 190–94.

**168** Paul Heer, "Rethinking U.S. Primacy in East Asia", *The National Interest*, 8 January 2019.

**169** "Without strong leadership from the United States, the international system, fundamentally rooted in the rule of law, may wither, to the detriment of United States, regional, and global interests. It is imperative that the United States continue to play a leading role in the Indo-Pacific region by – (A) defending peace and security; (B) advancing economic prosperity; and (C) promoting respect for fundamental human rights." <https://www.congress.gov/115/plaws/publ409/PLAW-115publ409.pdf>. See Michael F. Martin et al., *The Asia Reassurance Initiative Act (ARIA) of 2018*, In Focus (Washington, D.C.: Congressional Research Service, 4 April 2019).

**170** See Robert Sutter, "Congress and Trump Administration China Policy: Overlapping Priorities, Uneasy Adjustments and Hardening toward Beijing", *Journal of Contemporary China* 28, no. 118 (2019): 519–37.

**171** See David Shambaugh, "The New American Bipartisan Consensus on China Policy", *China-US Focus*, 21 September 2018; Zack Cooper and Annie Kowalewski, *The New Washington Consensus* (Washington, D.C.: American Enterprise Institute, 21 December 2018); Richard C. Bush and Ryan Hass, "The China Debate Is Here to Stay", *Order from Chaos*, 4 March 2019. On public opinion see Laura Silver, Kat Devlin and Christine Huang, *U.S. Views of China Turn Sharply Negative amid Trade Tensions* (Washington, D.C.: Pew Research Center, 13 August 2019); Justin McCarthy, "Americans' Favorable Views of China Take 12-Point Hit", *Gallup*, 11 March 2019.

**172** See Andrew Edgecliffe-Johnson and James Politi, "US Business Urges Trump to End China Trade War", *Financial Times*, 17 June 2019.

**173** See Paul Sonne, "As Trump Escalates China Trade Dispute, Economic Ties Lose Stabilizing Force in Matters of National Security", *The Washington Post*, 19 May 2019.

**174** See Edward Wong, "Lawmakers Push Trump to Act against China on Uighur Detention", *The New York Times*, 14 November 2018.

**175** See *China's Influence & American Interests. Promoting Constructive Vigilance. Report of the Working Group on Chinese Influence Activities in the United States*, ed. Larry Diamond and Orville Schell, revised version (Stanford: Hoover Institution Press, 2019).



ings and legislative initiatives, including the Foreign Influence and Transparency Act and the Countering Foreign Propaganda Act. This concern about Chinese influence is coupled with a fear of espionage.<sup>176</sup>

Given this anti-China mood, it is not surprising that the tones struck by some of the democratic presidential candidates do not differ much from those of Trump's.<sup>177</sup> His campaign advisors have reportedly been keeping a very close eye on how the democratic presidential candidates are positioning themselves on the China question.<sup>178</sup> At present, there are no political incentives to challenge the anti-China sentiments and to paint the threat posed by China as anything other than dire.<sup>179</sup>

In this respect, those foreign policy and China experts who warn of the dangers of a purely confrontational policy, who by no means see US China policy as a failure and who try to counteract a narrowing of the discourse, have become politically marginalized. Fundamental unease with the current course of US China policy was expressed in an open letter to the President and Congress, initiated by some China experts and signed by around 100 other people, including many who were involved with China in former administrations. The signatories warn against treating China as an "economic enemy or existential national security threat that must be confronted in every sphere". They consider the fear that China could replace the United States as the leading global power as exaggerated — if China sees this as a realistic or desir-

able goal at all.<sup>180</sup> Representatives of this position, a kind of "smart competition", warn against ceasing cooperation with China. They are of the opinion that, overall, the previous US policy mixing cooperation, deterrence and pressure was successful, but that it needs an adjustment, namely more economic pressure and military deterrence, in order to respond to China's mercantilist economic policy and its growing "assertiveness" in foreign policy.<sup>181</sup>

"Competition" has become the central topos in the American debate on China. It seems that the strategic rivalry with China is developing into the "organising principle of US economic, foreign and security policies".<sup>182</sup> A globally active foreign policy is thus given a new justification.<sup>183</sup> However, the narrative of "great power competition" is not a strategy and says nothing about the policy areas and regions in which this rivalry is to take place. Are they all equal, or is there an interest-led hierarchy? And what is the goal?<sup>184</sup> Should the shift of power between the United States and China be reversed if possible and should all available means be used for this purpose and economic relations largely cut off? Should comprehensive pressure be exerted, as in the strategy of containing the Soviet Union?<sup>185</sup> Is the goal the long-term weakening of China, even regime change? Or must China's increase in power be taken as irreversible and a certain degree of economic interdependence be accepted? The latter would mean forming sufficient countervailing power in conjunction with other states to deter China from

**176** See Rush Doshi and Robert D. Williams, "Is China Interfering in American Politics?" *Lawfare*, 1 October 2018.

**177** For a critical view, see Philip H. Gordon, "How Democrats Can Get Tough on China — without Imitating Trump", *Foreign Policy*, 25 June 2019. However, in US discourse, Democratic candidates have also been advised to place the rivalry with China at the center of their foreign policy program. Accordingly, they should use this competition for domestic purposes, namely to promote state investments aimed at preserving US technological competitiveness. Thomas Wright, "Democrats Need to Place China at the Center of Their Foreign Policy", *Order from Chaos*, 15 May 2019.

**178** See Alan Rappeport, "Trump Touts Progress with China, but Pressure Grows for a Tough Deal", *The New York Times*, 25 February 2019.

**179** When Joseph Biden, the former vice-president and presidential candidate, relativized economic competition from China, he was met with strong resistance from both political camps. See Nahal Toosi, "Biden Girds for Clash with Trump over China", *Politico*, 5 June 2019.

**180** M. Taylor Fravel et al., "China Is Not the Enemy", *The Washington Post*, 7 July 2019.

**181** See Orville Schell and Susan L. Shirk (Chairs), *Course Correction: Toward an Effective and Sustainable China Policy. Task Force Report* (New York: Asia Society, Center on U.S.-China Relations, February 2019); Kurt M. Campbell and Jake Sullivan, "Competition without Catastrophe: How America Can Both Challenge and Coexist with China", *Foreign Affairs*, 1 August 2019. Campbell, under President Obama Assistant Secretary of State for East Asian and Pacific Affairs, was member of the Task Force that published the report quoted here.

**182** Martin Wolf, "The Looming 100-year US-China Conflict", *Financial Times*, 4 June 2019.

**183** See Stephen Wertheim, "Is It Too Late to Stop a New Cold War with China?" *The New York Times*, 8 June 2019.

**184** The danger, as has rightly been pointed out, is that power rivalry becomes an end in itself. Ali Wyne, "America's Blind Ambition Could Make It a Victim of Global Competition", *The National Interest*, 11 February 2019.

**185** As argued by Gordon G. Chang, "It's Time for America to Break with China", *The National Interest*, 19 June 2019.

taking risky revisionist steps. Whatever the direction US China policy takes, without the involvement of other states, the United States can pursue neither a policy of comprehensive confrontation nor one of collective balancing.<sup>186</sup>

## Consequences for Europe

Whether President Trump is re-elected in November 2020 or whether a Democrat will move into the White House — one thing is certain: the strategic rivalry with China will have a strong impact on US foreign policy. Washington will perceive the world, and therefore also Europe, primarily through a “China prism”.<sup>187</sup> For a United States more focused than before on the Indo-Pacific and competition with China, crises in Europe and on the European periphery might become secondary, and the fear of costly entanglements may shape policy in and around Europe.<sup>188</sup> Washington’s pressure on its allies to take a stand in the intensifying Sino-American conflict and clearly side with the United States will grow rather than diminish.<sup>189</sup> If, as a result of the American-Chinese world conflict, two “bounded orders” emerged, one dominated by the United States and one by China, Europe would find itself in a difficult position.<sup>190</sup>

**186** For a discussion of strategic options, see Hal Brands and Zack Cooper, “After the Responsible Stakeholder, What? Debating America’s China Strategy”, *Texas National Security Review* 2, no. 2 (2019): 69–81; Hal Brands, “The Lost Art of Long-Term Competition”, *The Washington Quarterly* 41, no. 4 (2019): 31–51; Nien-chung Chang-Liao, “From Engagement to Competition? The Logic of the US China Policy Debate”, *Global Policy* 10, no. 2 (2019): 250–57.

**187** “Regardless of who is in the White House, European countries must prepare for a world in which they will be viewed by Washington through a China prism — much in the same way that Europe was seen through a Soviet lens during the Cold War.” Noah Barkin, “The U.S. Is Losing Europe in Its Battle with China”, *The Atlantic*, 4 June 2019.

**188** This fear was already voiced under Obama in connection with the “pivot” to Asia. See Sven Bernhard Gareis and Reinhard Wolf, “Home Alone? The US Pivot to Asia and Its Implications for the EU’s Common Security and Defence Policy”, *European Foreign Affairs Review* 21 (2016), Special Issue, 133–50.

**189** See Andrea Kendall-Taylor and Rachel Rizzo, “The U.S. or China? Europe Needs to Pick a Side”, *Politico*, 12 August 2019.

**190** John J. Mearsheimer, “Bound to Fail: The Rise and Fall of the Liberal International Order”, *International Security* 43, no. 4 (2019): 7–50 (49f.).

European policy towards China has long followed the “liberal” integrative approach. It was based on the optimistic expectations that in the process of integration China would be socialized into a constructive international actor and that economic modernization would lead to political liberalization. The security dimension of China’s rise has long played no significant role in the European approach. But Europe’s view of China has also changed. Hopes of political liberalization have been dashed. China’s influence in and on Europe is clearly noticeable,<sup>191</sup> often making it impossible to reach a common position when it comes to human rights abuses or China’s claims in the South China Sea. Europe no longer sees China primarily as an economic opportunity. A European Commission paper from March 2019 expresses a changed view, in which China is regarded as a “co-operation partner”, as an “economic competitor” and as a “systemic rival promoting alternative models of governance”, depending on the policy field.<sup>192</sup> However, a more sceptical view of China does not mean that the Trump administration’s zero-sum approach is very popular in Europe.<sup>193</sup> China’s rise affects the United States and Europe to different degrees; thus threat perceptions will continue to differ.<sup>194</sup> There is neither a status conflict nor a global competition for influence between Europe and China. Moreover, no security dilemmas shape the relationship. The security policy perspective is not a priority and therefore does not overshadow all areas.

The United States will try to integrate Europe into its China policy in order to prevent European technology from strengthening its global rival. Washing-

**191** See François Godement and Abigaël Vasselier, *China at the Gates: a New Power Audit of EU-China Relations* (London: European Council on Foreign Relations, December 2017); Thorsten Benner et al., *Authoritarian Advance. Responding to China’s Growing Political Influence in Europe* (Berlin: Global Public Policy Institute/Mercator Institute for China Studies, February 2018).

**192** European Commission, *EU-China – a Strategic Outlook* (Strasbourg, 12 March 2019). In addition, see Andrew Small, “Why Europe Is Getting Tough on China and What It Means for Washington”, *Foreign Affairs*, 3 April 2019; Michael Peel, Lucy Hornby and Rachel Sanderson, “European Foreign Policy: a New Realism on China”, *Financial Times*, 20 March 2019.

**193** See Barkin, “The U.S. Is Losing Europe” (see note 187).

**194** See Scott A. W. Brown, *Power, Perception and Foreign Policymaking. US and EU Responses to the Rise of China* (London and New York: Routledge, 2018).

ton wants to secure its lead over China in the competition over high technologies. The Trump administration views export controls as a key instrument in its rivalry with China. The denial of advanced technologies is seen as a means of hindering and slowing down China's (and Russia's) military technological progress. Without the inclusion of America's European allies in an export control regime, China could in many cases switch to high technology from Europe.<sup>195</sup> Whether this means that the United States will return to something like the former Coordinating Committee for Multilateral Export Controls (CoCom) is as yet unclear.<sup>196</sup>

CoCom, which ceased its activities in 1994, was used by the United States and its allies to coordinate export controls vis-à-vis the Communist states during the East-West conflict. The dissolution of CoCom also marked the end of transatlantic coordination on the control of civilian and military technologies supplied to China. CoCom's "successor", the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, does not target specific countries or groups of countries and has a much looser institutional structure. While the European allies had no interest in restricting trade in dual-use technologies with China, the United States maintained export controls. Since the 1990s, however, Washington has held the view that strict export controls should only play a very limited role and that too strict an approach would diminish the profits and, indirectly, the innovative capacity of US firms.<sup>197</sup>

If, as it seems, export restrictions become more important to the United States in its China policy, then

Washington has two (not mutually exclusive) options for involving other states. Firstly, Washington could try to work out a multilateral export control system in presumably laborious negotiations with its allies. Secondly, Washington could use the extraterritorial levers of its export control system and its sanction laws to force European companies to choose between the American and the Chinese market. If European firms had to make such a choice, this would have far more serious consequences than in the case of Iran. China is Europe's most important trading partner after the United States.<sup>198</sup>

There may be good reasons to support the United States in its negotiations with China to some extent. It might be advisable to coordinate policy on justified economic demands and to take action against Chinese practices within the framework of the World Trade Organization, for which President Trump has little regard. If one had to choose between a liberal rule-based order under the predominant influence of the United States and an international order increasingly shaped by China, this decision would probably be simple. However, the United States under Trump is not interested in preserving the liberal order. Instead, its aim is to guarantee its supremacy, free from institutional constraints and self-restrictions. The emerging US-Chinese world conflict leaves Germany and Europe faced with the question of whether, to what extent and under what conditions they should support the United States in its strategic rivalry with China. In terms of strategic hedging, Germany and Europe must also be clear about how they can at least create the capacity to pursue a China policy that will safeguard their interests.

**195** See Dong Jung Kim, "Trading with the Enemy? The Futility of US Commercial Countermeasures against the Chinese Challenge", *The Pacific Review* 30, no. 3 (2017): 289–308. The author argues that the United States has little chance of successfully introducing security policy-motivated trade and technology restrictions against China, as other countries, above all European ones, would step in as suppliers.

**196** See Christopher Ashley Ford, Assistant Secretary of State for International Security and Nonproliferation, "Remarks at the American Academy for Strategic Education", Washington, D.C., 12 June 2019. In addition, see Aaron L. Friedberg, *Rethinking the Economic Dimension of U.S. China Strategy* (Washington, D.C.: American Academy for Strategic Education, August 2017).

**197** See Hugo Meijer, *Trading with the Enemy. The Making of US Export Control Policy toward the People's Republic of China* (Oxford: Oxford University Press, 2016).

**198** Certainly not all EU countries would be affected to the same extent. Countries with a strong high-tech sector are more likely to be affected by tighter American export controls, for example in semiconductor technology. Here, it could make sense for Germany to try and coordinate with the Netherlands and Belgium. See Brigitte Dekker and Maaïke Okano-Heijmans, *The US-China Trade-tech Stand-off and the Need for EU Action on Export Control* (The Hague: The Clingendael Institute, August 2019), 20f.

## Abbreviations

AIIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
BRI	Belt and Road Initiative
CINC	Composite Indicator of National Capability
CoCom	Coordinating Committee for Multilateral Export Controls
CRS	Congressional Research Service
IDFC	International Development Finance Corporation
OPIC	Overseas Private Investment Corporation
TPP	Trans-Pacific Partnership
UN	United Nations
USAID	U.S. Agency for International Development
USMCA	United States-Mexico-Canada-Agreement

